

The fantastic world of
Marbella's Mr Big

After Jesús Gil (left) became mayor of Marbella he had his beaten opponent's house bulldozed. Now he dreams of toppling the Spanish government Page 1



Beyond the NHS

Is your health safe in the private insurer's hands? And how do you make sure your policy contains the best prescription for you? page 11

Sack the whole board

Private investor Kevin Goldstein-Jackson lambasts Scottish Mutual page VI

EUROPE'S BUSINESS NEWSPAPER

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World News

EC monitors threaten to pull out of Croatia

European Community monitors threatened to quit Croatia if a humanitarian convoy carrying medical supplies and food to the besieged eastern town of Vukovar was not allowed through. Page 2

Turkey bombs Kurds Turkish aircraft bombed Kurdish villages in northern Iraq, killing at least three people and wounding 11, in apparent reprisal for an attack by Turkish Kurdish separatists on an army border post. Page 3

Yeltsin to sign draft Russia's President Boris Yeltsin said he was prepared to sign a draft treaty for economic union, initiated last week in Alma-Ata by 12 republics. Page 2

Red Army unravels The Red Army began to unravel as the Ukrainian parliament approved the formation of independent armed forces. Page 2

Townships toll rises Gunmen shot dead seven people in attacks in Durban's Umhlanga township, in Natal province, bringing to 50 the number of people killed this week in a new surge of violence threatening talks on post-apartheid democracy. Gunmen fire at Mandela home. Page 3

Soldiers killed by truck A Palestinian drove a stolen truck into a group of Israeli soldiers waiting at a bus stop in Tel Aviv, killing two and injuring at least 11 others. Last peace talks' hurdle. Page 3

Quayle to stay President Bush removed any lingering doubt that he wants to retain vice-president Dan Quayle as his running-mate in the 1992 presidential election. Page 3

Quake jolts Iran An earthquake measuring 5.2 on the Richter scale jolted the southern Iranian town of Lordegan. There were no reports of damage or casualties.

Mine to remain closed A German mining company, bowing to protests by victims of Nazism, agreed not to mine gypsum from an underground labyrinth in east Germany where Hitler's Third Reich worked 20,000 slave labourers to death in the former Dora concentration camp.

Following Columbus Three replicas of 15th century Spanish ships will set sail tomorrow for the Canary Islands and then on to Puerto Rico and America in a re-enactment of Christopher Columbus's voyage of discovery.

Climbers die A Spanish mountaineer fell to his death on the world's fifth highest peak, Makalu, and an Icelandic climber was missing believed dead on the Purnori summit, both in Nepal.

Heroin haul Spanish police seized 46lb of high-grade heroin and arrested 11 people in a swoop near the south-eastern city of Valencia.

Showjumpers' convicted Former Belgian national showjumping champion Stanny Van Paesschen and his wife were given suspended three-month jail sentences by an Antwerp court for tax evasion and forgery relating to the purchase and sale of horses and to prize money.

Fiat to take 51% stake in Polish motor company

Fiat yesterday agreed to go ahead with the purchase of a 51 per cent stake from its long-standing Polish associate, FSM (Fabryka Samochodow Malolitrazowych), as the first stage in the privatisation of Poland's automotive industry. Final details of the deal are expected to be completed at the end of the year. But yesterday's letter of intent signed in Warsaw commits Fiat to invest \$800m in expanding production of the new Fiat 500 and introducing a new model. Page 12

LIBERTY Life, South Africa's third largest life assurance company, is raising at least \$141m through an international share issue - the first by a South African company since the early 1980s. Page 12, Lex, Page 24

UK inflation rate fell to 4.1 per cent last month, its lowest level since April 1988. The drop reflected last September's oil price rise falling out of the index. Page 24; Lex, Page 24; Figures mean Mellor must rework his arithmetic. Page 4

GERMANY is joining the Rolls-Royce collaborative engine programme to power the UK navy's new Merlin EH101 anti-submarine helicopters. The helicopters are to be built by Westland and Agusta of Italy under a contract managed by BLM. Page 6

ADVANCED Micro Devices, silicon valley semiconductor manufacturer that has challenged Intel's dominance of the personal computer microprocessor market, reported a 14 per cent rise in third-quarter revenues to \$289.4 million. Page 12

BT, UK telecommunications company, announced a further 16,000 redundancies among its workforce, following the disclosure in April that it expected to shed up to 40,000 jobs over the next few years. Page 6

BANCO Ambrosiano Veneto, successor bank to Italy's failed Banco Ambrosiano, has agreed to pay £345bn (\$276m) to acquire 92.6 per cent of the 46-branch Italian bank subsidiary of Citicorp, leading US bank. Page 12

GATT: Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, acted to bring five years of talks on the liberalisation of world trade to a head. Page 3

MITSUBISHI Motors, Japanese car-maker, and Chrysler of the US are close to finalising an agreement for the Japanese company to take control of their US production venture, Diamond Star Motors. Page 13

THE European Commission is preparing to force open telephone monopolies throughout the Community in spite of expected strong opposition by most European telephone monopolies and the governments which typically own them. Page 2

MEXICO has announced the terms of the sale of the nation's three state-owned steel companies, in a privatisation that in total could be worth close to \$650m. Page 12

SKOPJE, Finland's fourth largest bank, reported a further deterioration in its financial performance in the first eight months of 1991. Losses before appropriations and taxes totalled Fm475.6m (\$115.7m) compared with a loss of Fm115.9m in the same period last year. Page 12

Miyazawa leads race for Japanese premiership

By Stefan Wagstyl in Tokyo

MR KIICHI MIYAZAWA, a veteran former foreign and finance minister, has taken an apparently unassailable lead in the race to become Japan's next prime minister.

Mr Miyazawa yesterday won the support of the largest faction of the ruling Liberal Democratic Party for his attempt to succeed Mr Toshiki Kaifu when Mr Kaifu's term expires at the end of this month.

Mr Shin Kanemaru and Mr

Noboru Takeshita, leaders of the largest faction, backed Mr Miyazawa after failing to find a candidate for the party president and prime ministership from their own ranks. In return, Mr Miyazawa has promised to give them key seats in his cabinet and a say in government policy.

Because the LDP dominates the Diet (parliament), the party's president automatically becomes prime minister. The

Takeshita/Kanemaru faction is decisive because it has 106 votes out of a party total of 384 in the Diet.

With a further 82 votes in his own faction, Mr Miyazawa is virtually assured of victory, especially as he is also the favoured candidate of the LDP's rank-and-file, who, through delegates, will cast another 101 votes.

Mr Michio Watanabe and Mr Hiroshi Mitsuoka, rival fac-

tion leaders who are also running for the prime ministership, yesterday vowed to fight on. Even though their chances seem minimal, it is worth their while continuing because their determination will partly decide how many seats their factions get in the new cabinet. The party ballot is due to start on October 27.

Announcing his faction's verdict, Mr Kanemaru said members were backing Mr

Miyazawa because of his policies. Faction members said another, more important, reason was that Mr Miyazawa would be a loyal political ally. Earlier in the day, Mr Miyazawa said political reform, aimed at reducing the role of money in politics, would be his top priority.

Mr Miyazawa, who is 73, has eyed the prime ministership since he took control of his faction in 1982. An English-speak-

ing intellectual who studied at elite Tokyo University and spent several years at the Ministry of Finance, he has sometimes been accused of paying too little attention to fellow LDP members. He won his first cabinet post in 1982. But weak support in the LDP has prevented him until now from securing the prime ministership.

Seat of shame, Page 4

G7 talks tense as ministers differ on economic policy

By Peter Norman and Stephen Fidler in Bangkok

SIGNS of strain emerged in the economic policy co-ordination of the Group of Seven leading industrial countries as their finance ministers yesterday held the first of two days of talks on the world economy.

As the talks began, ministers and officials from the US, Japan, Germany, France, Britain, Italy and Canada also played down suggestions that the G7 would agree large-scale balance of payments assistance for the Soviet Union.

The ministers turn to that issue today when a Soviet delegation headed by Mr Grigory Yavlinsky, the radical economist and recently appointed deputy chairman of the committee for the management of the national economy, arrives in Bangkok to attend the joint annual meetings of the International Monetary Fund and World Bank.

Yesterday's talks focused on the economic performance of the individual G7 countries. This subject and exchange rates will be covered further today. A brief statement issued at the end of the session gave no details of the discussions.

But it was clear that, as in other recent meetings of the group, there was no consensus on specific policy co-ordina-

Soviet leaders debate economic problems Page 2
G7 chief sets deadline Page 3

tion. One participant said the talks were "tough" because the process of policy co-ordination launched by the Plaza agreement to depress the dollar six years ago was "fraying at the edges".

The G7 did not complete its discussion on interest rates yesterday although all the signs were that it would follow the so-called "Sinatra doctrine" where each country goes its own way. In the analysis of individual country performance, Italy and France reportedly expressed concern that the US might not be able to sustain recovery next year, in part because of weaknesses in its financial system.

Mr Norman Lamont, the British chancellor of the exchequer, was understood to have called on the G7 to give strong backing to the so-called Trinidad Terms to ease the debt burden of the poorest developing countries.

But UK officials held out little hope that the US would overcome its objection to the plan, which was first put for-

ward a year ago by Mr John Major, the British prime minister, when chancellor, and which envisages cutting the official debt of several very poor, mainly African, nations by two thirds.

There were also signs of tension between Italy, France and Germany on the one hand and the US and Japan on the other over whether the burden of assisting the Soviet Union had been shared out fairly.

Officials from the European states indicated that they would like the US and Japan to do more. It was disclosed that Mr Major had written as chairman of the G7 leaders to his six colleagues to urge equitable burden sharing among the group.

Where the ministers did appear in harmony was in discouraging expectations that large-scale financial aid to the Soviet Union would be agreed at today's meeting. Mr Theo Waigel, Germany's finance minister, commented that the G7 would need more information about the Soviet economy before it could consider more assistance.

The G7 will meet the Soviet delegation today when ministers hope to learn more details about the Soviet economy.

Major stresses 'power to choose' in party address

By Philip Stephens, Political Editor, in Blackpool

MR JOHN MAJOR, the British prime minister, yesterday put a radical programme to encourage personal ownership and choice at the heart of the Conservative party's political agenda for the 1990s.

In a speech to the party's annual conference in Blackpool, Mr Major summed up his personal creed in a single phrase: "The power to choose - and the right to own".

Declaring his own journey to Number 10 Downing Street from humble roots in south London as proof that the Conservatives were the "party of opportunity", he said individuals would be given more control over their incomes and savings, over their children's education, over their health care and over their unions.

He also sought to counter charges by the opposition Labour party that the Conservatives would dismantle the welfare state by giving the most explicit commitment yet that under his leadership they would never charge for state

Conference reports Page 7
He did it his way - Joe Rogaly on Major's big day Page 8

health care. Mr Major indicated that victory in the general election due by mid-1992 would foreshadow extensive tax and other measures to encourage "every family to save and own".

Senior ministers said afterwards he wanted significant new incentives to encourage saving, share and home ownership and the eventual abolition of inheritance tax for all but the most wealthy.

Mr Major's attacks on the Labour party for "lies" over the National Health Service, its public spending and tax plans, and its defence policy cheered a conference which earlier this week had been buffeted by the health row and unsettled by internal divisions over Europe.

The approach he offered on European economic and political union before the Maastricht

summit contained no real policy change.

His rejection of federalism and of the imposition of a single currency, however, was delivered in intentionally tough terms to an audience which, like Mr Major's predecessor, Mrs Margaret Thatcher, is hostile towards further integration.

He referred to Mrs Thatcher's signature of the Single European Act in 1985 with its commitment to ever closer union. He said: "Closer union between states, not a federal merger of states. That is still our policy." In Maastricht, he said, "I shall put the interests of our country before any agreement".

Mr Major won a warm reception for a performance which broke decisively with Mrs Thatcher's triumphalist style. He made a virtue out of his awkward speaking manner by replacing her fiery rhetoric with a personal agenda delivered more in the manner of a

Continued on Page 24

Judge denies sexual harassment claim



Centre of attention: Clarence Thomas impassive after delivering his testimony yesterday

Thomas tries to clear his name

By George Graham in Washington

IN THE glare of a televised Senate hearing, Judge Clarence Thomas sought yesterday to clear his name from charges of sexual harassment and to salvage his nomination to the US Supreme Court.

Millions of Americans, including President George Bush, watched as Judge Thomas and his accuser, Ms Anita Hill, an Oklahoma law professor, took turns describing their relationship when they worked together 10 years ago at the Education Department and then at the Equal

Employment Opportunities Commission. Firmly denying all Ms Hill's allegations, Mr Thomas said he could not think of anything he could have said or done which might have prompted her charges. "This is a person I have helped at every turn in the road since we met," he said.

Ms Hill described in explicit detail incidents in which she said Mr Thomas had "used work situations to discuss sex", describing pornographic scenes or speaking of

his own sexual prowess. The 14 Senators on the judiciary committee - all male - looked down at the papers on their desks as the 35-year-old lawyer spoke, reflecting their embarrassment at handling a problem which has stirred a nationwide debate on sexual harassment and on the capacity of the male-dominated Senate to deal with the issue. Ms Hill recounted her upbringing as the youngest of 13 children on a farm in rural

Continued on Page 24

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.7205	New York lunchtime: DM1.6915	FT-SE 100: 2,555.0 (-16.8)
London: \$1.7195 (1.7155)	FF5.7645	FT Ordinary: 1,853.9 (-2.5)
DM2.91 (2.905)	SFR1.4810	FT-A All-Share: 1,234.68 (-0.5%)
FF9.9225 (9.9175)	Y129.65	New York lunchtime: DJ Ind. Av. 2,976.74 (+0.22)
SFR2.25 (2.2425)	DM1.6925 (1.694)	S&P Comp 380.4 (-0.15)
£ Index 90.4 (90.3)	DM1.6925 (1.694)	Tokyo close: ¥128.85
GOLD	£ Index 94.5 (94.5)	US LUNCHTIME RATES
New York: Comex Dec 382.4 (381.3)	£ Index 94.5 (94.5)	Fed Funds 5% 3-mo Treasury Bills: 5.116%
London: \$358.05 (357.65)	£ Index 94.5 (94.5)	Long Bond: 102.4
N SEA OIL (Argus)	£ Index 94.5 (94.5)	yield: 7.904%
Brent Nov 821.875 (+0.05)	£ Index 94.5 (94.5)	
Crude oil changes yesterday: Page 24	£ Index 94.5 (94.5)	

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INTERNATIONAL NEWS

Serbs reject call to withdraw army

EC monitors threaten to pull out of Croatia

By Judy Dempsey in Zagreb and Laura Silber in Belgrade

EUROPEAN Community monitors yesterday threatened to quit Croatia if a humanitarian convoy carrying medical supplies and food to the besieged eastern town of Vukovar was not allowed to pass through. The threat emerged as the Serbian faction of the Yugoslav presidency rejected a call to withdraw the federal army from Croatia in apparent defiance of an agreement brokered by the Community.

Mr Mario Bondioli, an Italian EC monitor said the success of attaining any peace in Yugoslavia hinged on relieving Vukovar and evacuating more than 300 ill people and 2,000 children. He made his remarks after the convoy ran into a

mortar attack on the town of Nustar, 8km from Vukovar. The rump state presidency in Belgrade, comprising Serbia and its three allies, said the army withdrawal from Serbia would lead to the "physical liquidation" of Serbs.

In a letter to Mr Hans Van den Broek, the Dutch foreign minister, the presidency said the army should remain in Croatia until a political agreement is reached. A western diplomat based in Belgrade said: "Serbia has effectively rejected EC attempts to broker a peace, by abandoning the idea of an army withdrawal simultaneous with the lifting of the Croatian blockade".

In Zagreb, the capital of Croatia, the republic's National Guard lifted its blockade of the federal army barracks of Borongaj.

The Croatian government is insisting that the army withdraw to the republic of Serbia, and not to the central republic of Bosnia-Herzegovina. It fears the Serbian-controlled army will regroup, attack southern Croatia from Bosnia-Herzegovina, and carve out a greater Serbia from these two republics.

Meanwhile, EC officials in Zagreb yesterday said they hoped to negotiate lifting Croatia's blockade of the big Marshal Tito barracks in Zagreb next week.

Refugees yearn to return home in peace

By Judy Dempsey in Zagreb

A COLD morning fog settled on the clothes lines hanging outside a local school in the suburbs of Zagreb, the capital of Croatia. There were no children playing in the school yard. No teachers in the classroom. No school bell signalling the end of a lesson.

Instead, families woke up to another day of living in one of the makeshift refugee camps housing some of the thousands of Serbs and Croats who have fled to Zagreb after their homes were destroyed by federal army units and Serb paramilitary forces. A further 20,000 refugees arrived last Monday.

The Croatian government, which has already increased taxes to pay for the war and the refugees, is spending DM2m (\$850,000) a day on the refugees. Most will remain in the camps until peace returns to this war-torn republic.

"We live in hope that we can return home," says Mr Matja Angustinovic, a 64-year-old farmer from Drov na Uni, a village in southern Croatia near the border with the repub-

lic of Bosnia-Herzegovina. Mr Angustinovic and his wife Katya were forced to leave their village after it was bombed at the end of July. "Our home is destroyed. I do not know what has happened to my two cows, my pigs, and the chickens," he says.

"We would like to go back. I am not angry with the Serbs in my village. They did not start the war. It is the Serbs from Serbia who did all this damage," he adds.

Like the 600 refugees who have been living in this camp since the beginning of August, people like the Angustinovic and Mutal family have taken some time to adapt. "It's very bad now. We do not know what will happen," says Mr Mutal. A rugged, weather-beaten, 56-year-old farmer from Banja, in southern Croatia.

"We feel poor and lost," says Mrs Mutal. "It is not simple to live here. We do not have our own food. We have to wait to be given food. I am happy that the people of Zagreb have been so kind to us. But it is hard."

The feeling of humiliation

runs through the camp. Mr Azelko Domencic, 27, ran a small business in the town of Kostajnica, east of Zagreb, until he came to the camp on August 1.

He was warned by local Serbs that the army was preparing to bombard the town. "The Serbs in Kostajnica - I have no problems with them - they fled into the woods. They told us to flee. They said we would be shot. I was shot," he said, pulling up his shirt to show a bullet wound in his chest.

"I don't blame the local Serbs. I blame the Yugoslav army. In fact, it is a Serb army. It is a shock to see all this destruction."

Mr Domencic says Croatian politicians had made many mistakes. "Croatian President Franjo Tudjman did not realise from the beginning what we were dealing with. Tudjman can sign any ceasefire agreement he wants and believes in, but it does not matter because Serbia can sign any piece of paper, but it means nothing," he says.

Phone monopoly fight looms

By Hugo Dixon in Geneva

THE European Commission is preparing to force open telephone monopolies throughout the Community in spite of expected strong opposition by most European telephone monopolies and their governments, which typically own them.

Officials in the Commission's competition and information technology directorates, DG4 and DG13, have already started work on liberalising the market for telephone calls, worth about \$90m (\$45.5bn) a year and one of the largest sectors of the European economy closed to competition.

Only the UK has so far opened its telephone monopoly to competition. The next most liberal country, Germany, has set itself against competition in voice services for the time being.

But an official from DG4 said the Commission had authority under the Treaty of Rome to force through liberalisation irrespective of the wishes of EC members. The Commission would issue a directive under Article 90 of the treaty, he said.

The commission is concerned that the present monopolies are stifling the growth of the telecommunications market, which is seen as important to the future health of the European economy.

Monopolies on telephone calls and network infrastructure are due to be formally reviewed at the end of 1992. But DG13 has already started work by commissioning reports from various analysts, including Arthur D Little, the management consultancy.

The DG4 official said policy

should be decided by the end of next year. He said a review of the situation with "lines of action" would be published.

Some governments will almost certainly put pressure on individual commissioners to dilute the liberalisation process. The DG4 official said that Sir Leon Brittan, the competition commissioner, was in favour of opening up markets but that much depended on what the other commissioners decided.

Discussions in the Council of Ministers probably would not take place until the second half of next year, when the UK, which has already backed liberalisation, would be president of the companies such as BT and Cable and Wireless are anxious to compete in the continental market.

Madrid-Seville fast rail service plans cut

By Peter Bruce in Madrid

THE SPANISH state railway monopoly Renfe wants to cut from 24 to 16 the number of French high-speed trains it ordered three years ago to link Madrid and Seville in time for the opening of the Expo 92 next spring.

Mr Mario Sala, Renfe president, has revealed that the total cost of the line and the trains is now estimated to be some \$40n (\$2.3bn), more than double estimates of three years ago. She said Renfe was negotiating with GEC-Alsthom, the Anglo-French engineering group, to cut its \$500m order for the trains and was cutting back some of the more colourful services the trains were supposed to offer, such as on-board computer terminals for businessmen.

The decision to make Spain's first high-speed line between the capital and the underdeveloped south - and not to link the capital with the rest of Europe - has been widely regarded as one of the most extravagant and wasteful decisions ever made by the country's Socialist government.

Renfe itself is arguably the least profitable organisation in Spain. Its operating loss this year will amount to \$2.2bn. It is one of the biggest borrowers in the Eurozone, with a debt portfolio of close to \$3bn.

Spaniards get a remarkably efficient train service in return, but the government has found it harder to convince

scientists of the need for the link to Seville, where there is little industrial or financial fabric.

Although work is proceeding night and day to ensure the line opens with the Expo next April, it has also become clear that the train (the TGV in France and AVE in Spain), will be able to travel at only two thirds of its maximum 300kmh speed. The line has run into difficulties passing through the Sierra Morena south of Madrid, and will be less straight than the fast Paris-Lyon route.

It will also, for the moment, be the only one in Spain built to the narrower European gauge. Spain has historically had a wider gauge than France as a military deterrent.

Mr Sala said Renfe had no idea how many people would use the AVE, compounding suspicions that it was a political project. In the mid-1980s work by commissioning reports from various analysts, including Arthur D Little, the management consultancy.

The DG4 official said policy

Immigrant mayor in the front line

William Dawkins meets a Togolese engineer in the French government

UNTIL recently, Mr Kofi Yamgnane was no more than a local French citizen. He is a Togolese civil engineer who married a Breton girl and happened to become the mayor of Saint-Coulitz, a village of 850 people near Brest.

Since his appointment last May as junior French minister for integration and social affairs, Mr Yamgnane has been drawn into the front line of the peculiarly nasty - but important - political battle over immigration policy.

As the first naturalised Frenchman from Africa to become a government minister, Mr Yamgnane commands more moral authority on immigration than most, even if he is no political heavyweight.

Immigration has come to the fore in France recently, with warnings of an "invasion" by former president Valéry Giscard d'Estaing and the passing this week of a law against clandestine workers and their employers.

Mr Yamgnane stirred up controversy himself a few days ago when he reminded Islamic French citizens that they must observe French law against polygamy, a remark greeted as tactless by Islamic groups.

But yesterday, Mr Yamgnane sought to cool the general debate, in which the right has for the worst motives been seeking to enlarge and capture the anti-immigrant vote. "I don't believe France is a racist country," he says. Anti-immi-



Kofi Yamgnane: economic planning is the real problem

grant feelings reveal wider worries over unemployment and the economy, he argues.

Mr Yamgnane insists that the latest government controls on clandestine workers and illicit immigrants will not be followed by mass expulsions. He says expulsions will only take place after individual judicial trials.

The curbs will be effective against new arrivals, "but for those who are already in France, it won't be simple," he admits. At the same time, the government will not flinch from expelling people where justified, says Mr Yamgnane, who scoffs at the outrage created by Prime Minister Edith Cresson's suggestions that illicit immigrants should be given free charter flights home. "We can't exactly take them home in buses," he says.

Neither does he have time for pessimists who see the past year's wave of urban riots and the immigration debate as evidence of a breakdown of the traditional policy of integrating new arrivals into the French way of life.

"Certainly, the problem has changed. It used to be a case of assimilating essentially Christians and Jews, which was of a different order from the assimilation of Moslems. But the inte-

gration of Moslems is well under way. After all there are more than 3m of them in France now and Islam is the country's second religion," points out Mr Yamgnane - himself an agnostic Christian.

The real problem, he argues, is economic planning. "In France 9 per cent of the population is foreign. Yet the percentage builds up to 25 per cent in suburbs of Paris and Marseille. We need to disperse them more widely."

Part of the answer he proposes is to shift more central government grants to the provinces away from Paris, which receives three times as much grant per head as Brittany.

It is no surprise that Mr Yamgnane should defend integration, since he is a classic example of it. He left Togo at the age of 19, in 1964 - four years after it achieved independence from France - to go to engineering college in Brittany, married a fellow student, and began a career in the civil service, leading to local politics.

He was elected France's first naturalised immigrant mayor in 1989. As such he installed an African-style council of wise old people in Saint-Coulitz, an idea which went down well locally. It is a mark of the local affection he has earned, that a secretary broke into Mr Yamgnane's interview to deliver an urgent fax bearing best wishes for his 46th birthday yesterday, from an anonymous admirer in Finistère.

Yeltsin 'to sign' draft economic union treaty

By Leyla Bouton in Moscow

ENDING A week of suspense in his absence, Russia's President Boris Yeltsin said yesterday he was prepared to sign a draft treaty for economic union initiated last week in Alma-Ata by 12 republics.

But in an apparent concession to critics of the treaty in his own chaos-ridden government, he called for a revision of the terms of a proposed banking union. Tass said he called for a more "flexible" system. Mr Yeltsin's objections were not immediately clear, but the proposed banking union has been criticised for giving Russia too little power.

He also demanded an end to financing central government bodies not foreseen by the treaty - a move which will

please Russian ministers who seek the rapid burial of the old Soviet Union and who suggest that Russia would be better off going it alone.

Despite yesterday's statement and in light of the controversy surrounding the proposed treaty, there is no guarantee Russia will sign. Without it the plan for an economic community, already signed by Belorussia, Kazakhstan and Uzbekistan, will collapse.

Although he supported the goal of signing the treaty by October 15, Mr Yeltsin also called for a speedy conclusion of the detailed agreements fleshing out the framework of the treaty drawn up by Mr Grigory Yavlinsky.

The leaders of the nine republics

present at the State Council meeting - excluding the three independent Baltic states, Moldova, Armenia and Georgia - also apparently endorsed the idea of concluding these 17-odd agreements within a month. These accords range from the exact shape of a shared central banking system to pricing policy.

As a mark of his desperation to achieve some kind of consensus, Mr Yavlinsky put off his planned departure for this week's IMF meeting in Bangkok to press home his message about the need for unity in fighting the economic crisis and building a market economy.

Relieved of the responsibility of real power, it was the turn of President Mikhail Gorbachev, well known for dither-

ing on economic reform to steal Yeltsin's clothes. The republican leaders had no right to leave the meeting without taking decisions. "We are wasting time, which is worrying society. Attempts are being made to set members of the State Council against each other... to hamper... the adoption of documents worked out on the basis of co-ordinated positions," he said, referring to the draft economic union treaty.

Mr Gorbachev also submitted to republican leaders a new draft for a political union, but unlike Russian ministers who support the goal of a political treaty, he is not making this a precondition for economic union.



Wine producers from Bédiers burn crates of grapes from Italy and Spain at a toll plaza near Montpellier in protest at EC import regulations

Brussels seeks PR European polls

By Andrew Hill in Brussels

THE European Parliament is to ask member states to adopt a system of proportional representation (PR) for the election of MEPs - a move which would force Britain to change its "first-past-the-post" system.

The UK government, however, would certainly block any attempt to alter the electoral system, which would have to be approved unanimously by

the 12 member states.

MEPs voted late on Thursday to press for a uniform electoral procedure based on PR, which would be introduced across the Community before the 1994 Euro-elections.

A formal proposal - one of the requirements of the EC treaty - should be put to member states following the December session of the parlia-

ment.

The parliament also agreed that a uniform system should allow EC citizens over 18 to vote or stand for election in any member state, provided they have lived in the Community for a certain period.

All EC members except the UK use proportional representation for European Parliament elections.

Cross-border gambling hearings

By David Buchan in Brussels

THE odds that Brussels will soon try to regulate EC gambling shortened yesterday with its announcement of public hearings this autumn into the cross-border barriers which European punters face.

The European Commission said the EC's 1994bn (\$23bn) a year gambling industry was increasingly bumping up against widely differing national and regional regulations.

The commission said it planned the hearings for December, and then it would decide whether to take judicial or legislative action. Among the EC's many gambling anomalies are the fact that the UK bans any big lotteries and forbids the sale of foreign lottery tickets on its soil, but allows bookmakers in the UK to take bets from citizens of EC states which ban such betting.

Call for European defence agreement

By Ian Davidson in Paris

FRANCE, Germany and Spain have urged that the political union treaty being negotiated between the 12 European Community countries must include all questions related to security and defence, "with the aim in future of a common defence".

After meeting in Paris, Mr Roland Dumas, French foreign minister, and Mr Hans-Dietrich Genscher and Mr Francisco Fernández Ordóñez, German and Spanish counterparts, argued that the common defence policy could be carried out by the nine-nation Western European Union, which they described as "an integral part of the process leading to European Union".

The three ministers also recommended that decisions on implementing a common foreign and security policy could be taken by qualified majority vote of the member states.

Ukrainians set plans in motion for independent army

By Chrysa Freeland in Kiev

THE Red Army began to unravel yesterday as the Ukrainian parliament approved the formation of independent Ukrainian armed forces and the government took formal control of several military sectors.

Eventually the Ukraine, which envisions up to 420,000 soldiers serving in its armed forces, could command one of the largest standing armies in Europe.

The decision comes after a week of conflict with the central government. Earlier this week eight republics agreed in Moscow to retain a single, all-union army. In protest at a letter from the Soviet minister of defence which told soldiers in the Ukraine they should obey central command, the Ukraine refused even to attend the meeting.

Yesterday's Ukrainian initiative could seriously weaken the Soviet army. Some 1.5m soldiers are stationed in the Ukraine and 42 per cent of all Soviet army officers are ethnic Ukrainians. The Ukraine is inviting all of them to return to their native republic, which is one of the most prosperous in the Soviet Union.

Mr Evhen Marchuk, the Ukrainian minister of defence and security, said the Ukraine had already agreed with the central government to take control over all border troops and those of the Ministry of Internal Affairs. Tomorrow Mr Marchuk expects the Ukraine

to take over the rail system. He said that by 1994 the formation of the Ukrainian army should be complete.

The Ukraine will continue to participate in all-union strategic nuclear forces but will insist on collective decision-making and earmarked budgetary contributions. Together with the presidents of other republics, the president of the Ukraine will take decisions about the nuclear weapons now in the Ukraine. Eventually the Ukraine intends to become a nuclear-free state but for the time being is opposed to the transfer of nuclear weapons to other republics and is insisting on a direct role in future international disarmament agreements.

The Ministry of Finance estimated that the upkeep of the Army alone will cost \$2.5bn (\$2.5bn). As an incentive to ensure that officers on Ukrainian territory are not seen as a nuclear-free state but for the time being is opposed to the transfer of nuclear weapons to other republics and is insisting on a direct role in future international disarmament agreements.

"We need our own army to protect the Ukraine from palace coups in Moscow," said Major General Konstantin Morozov, the minister of the Ukraine need to know that we are a real state with our own army."

Steelworkers oppose Krupp-Hoesch deal

By Quentin Peel in Bonn

THOUSANDS of German steelworkers staged protests yesterday against the proposed merger of the Ruhr-based steel giants, Fried. Krupp and Hoesch. The plan was denounced by trade union leaders and shop stewards from both the main industrial groups, arguing that any such move would inevitably result in substantial job losses.

They called on the European Commission in Brussels, the German Federal Cartel Office and the Social Democrat (SPD) government of North Rhine-Westphalia to investigate and block the deal.

The mass rallies at several

Hoesch plants in Dortmund and the surrounding area, and including workers from Krupp's main plants in Essen, followed Thursday's surprise announcement that Krupp had bought a 24.9 per cent stake in its erstwhile rival. Krupp's explanation of the move was not so much industrial logic, but rather fear that Hoesch might fall into the hands of a foreign group.

Trade union leaders who addressed an estimated 10,000 workers in Dortmund greeted a "hot autumn" for the whole industrial region of the Ruhr if the deal were allowed to go ahead. They called on Mr Johannes Rau, the SPD prime minister of North Rhine-Westphalia, to block it, and in particular to prevent WestLB, the bank which owns more than 13 per cent of Hoesch, from selling its shares to Krupp.

The demonstrators condemned the actions of WestLB, in which the Land government has a controlling stake, for backing the merger.

However Mr Rau refused to intervene in the plan, after a meeting in Düsseldorf with the workers' leaders from both groups. He said the regional government was not a "decision-making body" in the matter, and had never intervened in the operational activities of the WestLB.

Italians prepare for census

By Robert Graham in Rome

FORMS for Italy's 13th population census began being distributed yesterday, and hopes that it would produce a more accurate assessment of the country's increasing immigrant community.

The last census in 1981 recorded Italy's population at 56.6m, but made little attempt to establish the number of foreign workers and immigrants.

In the past year, the government has come under pressure to establish an accurate picture of the immigrant community, which is unofficially reckoned to number around 1m. Of these, only 400,000 are registered with the authorities, most are illegal.

The census forms have also been printed in seven languages in an attempt to obtain as many responses as possible from immigrants.

In all, 30m forms have been printed for distribution in 8,100 municipalities. The national statistics office, ISTAT, has employed satellite photography for the first time, which has enabled statisticians to divide the country into 400,000 "statistical units".

The operation is costing L4.45bn (\$235.5m) and definitive results are unlikely before 1993.

The population census will also coincide with Italy's seventh industrial census.

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INTERNATIONAL NEWS

Gatt chief sets world trade talks deadline

By William DuFour in Geneva

MR Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, yesterday acted to bring five years of talks on the liberalisation of world trade to a head.

Calling in heads of delegations from the main trading powers, he told them that the seven groups negotiating in Geneva had to finish their work by November 1, so that a package of draft agreements could be presented to governments for approval.

He stressed that, if negotiators failed to reach agreement, then draft texts would be prepared by the chairmen of the groups and put to governments to take or leave.

Gatt's director general made a strong appeal to negotiators not to hold back from making deals in the hope that they could win advantages in an 11th-hour give-and-take. The final hour for the Uruguay Round talks had arrived.

Unless a package of results could be agreed in November, the possibility of completing the round by the end of the year or even in the first two months of 1992 could be ruled out, Mr Dunkel said.

Implicitly his message was

that, if the main trading powers did not now move to bridge the wide gaps remaining between them on such crucial issues as the reform of world farm trade, services, intellectual property rights, textiles and clothing and tariff cuts, the most ambitious effort ever made to liberalise world trade would have to be abandoned.

Mr Dunkel will put this message to finance ministers and central bank governors tomorrow at the annual meeting of the International Monetary Fund and the World Bank in Bangkok, where for the first time Gatt's top official has been asked to address the IMF's interim committee.

Diplomats reacted favourably to Mr Dunkel's strategy of forcing governments to decide the fate of the Uruguay Round. "I can see no better alternative," said one.

Significantly, Mr Dunkel made his move after Mr Jürgen Müllemann, German economics minister, this week forecast a change in German policy which might open the way for the European Community to accept a deadlock-breaking compromise over reductions in agricultural subsidies.

Baker set to tackle last peace talks hurdle

By Hugh Carnegie in Jerusalem

MR James Baker, the US secretary of state, today embarks on his eighth Middle East trip since the Gulf war in a bid to remove the final obstacles to a peace conference.

Underlining the rising tension in the region as the end-October target date for a conference approaches, a Palestinian from the occupied West Bank yesterday drove a stolen van into a group of Israeli soldiers standing by a busy junction on the outskirts of Tel Aviv, killing two and injuring a dozen more, four seriously.

The incident, condemned by Mr Yitzhak Shamir, the Israeli prime minister, as a "terrible deed of terrorists", came only hours after Mr Baker, citing "highly classified information", warned that "rejectionists and extremists" would try to sabotage peace talks.

As well as acts of violence, Mr Baker was referring to actions by right wing Israelis - including members of Mr Shamir's government - who oppose a peace conference. Yesterday, a group of Jewish settlers remained in armed occupation of a house in Silwan in Arab east Jerusalem taken by force in an operation clearly timed to disrupt Mr Baker's efforts.

The toughest problem still to be cracked by Mr Baker is the issue of Palestinian representation. A delegation of Palestinians from the occupied territories held talks at the State Department yesterday and Thursday on the terms



A Palestinian is dragged away by a detective after driving into a group of soldiers

under which they would attend a conference. Mr Baker then has to secure agreement on the make-up of a joint Jordanian-Palestinian delegation to the talks.

Israel is adamant that it will not accept any Palestine Liberation Organisation representation, nor any Palestinian delegate from Jerusalem and it wants, in effect, to veto all

Palestinians slated to attend the conference.

Fuelling Israeli reticence were reports yesterday that Syria would link taking part in multilateral talks on regional issues, such as water resources, to an agreement from Israel for bilateral talks on the return of the Golan Heights, which Israel says it will not concede.

Turkey bombs Kurdish villages

By John Murray Brown in Zakho, northern Iraq

TURKISH aircraft bombed Kurdish villages in northern Iraq early yesterday, killing at least three people and wounding 11 others in apparent reprisal for this week's attack by Turkish Kurdish separatists on an army border post.

Mr Mesut Yilmaz, the prime minister, said eight sorties were made, but did not know the full results.

Aid workers and Kurdish officials said five remote mountain villages were hit. They lie in an area which until July was part of the allies' safe haven for Kurds.

An Iraqi government doctor at the hospital in the border town of Zakho was yesterday treating four Kurdish Peshmerga guerrillas, a woman and her four-year-old daughter for burns. The woman said she was picking tomatoes while the men were helping to rebuild homes destroyed by earlier Iraqi attacks.

Turkey's action follows the killing of 11 Turkish soldiers near Cukurca. It represents the latest bid to combat the separatist Kurdish Workers party (PKK), which has exploited the power vacuum in northern Iraq left by the allies' withdrawal following the successful relief operation for Kurds.

The Turkish raid comes amid growing criticism of the

government's failure to combat the PKK. The PKK has still to release seven Turkish soldiers taken hostage in a raid on an army post near Samsat in August. That attack prompted the earlier air strike on Kherazook and other villages which left 20 dead and 15 wounded, according to UN officials.

The raid could jeopardise UN efforts to bring a 2,500-truck convoy across the Turkish border for the 350,000 displaced Kurds still living without shelter in north-east Iraq. Already Turkish drivers are refusing to travel the road to Sulaymaniyah following this week's clash between Peshmergas and Iraqi government forces.

Turkey faces an election on October 20, and the government may be keen to signal a strong stance against the PKK.

The seven-party Iraqi Kurdistan Front, the main Kurdish political group, said the raids "inflicted heavy casualties and property losses" on villages under construction with the help of western relief agencies.

Michael Littlejohns adds from New York: The UN Security Council was expected to approve last night a tough resolution demanding that Baghdad "meet unconditionally all its obligations" to disclose its nuclear and other weapons capability.

Bush vetoes Democrat benefits bill

By Michael Prowse in Washington

PRESIDENT Bush yesterday vetoed a Democrat-sponsored bill that would extend unemployment benefits by 30 weeks.

The announcement came as a smaller-than-expected increase in wholesale prices and weak underlying retail sales figures signalled a sluggish economy.

The White House regards the \$6.4bn unemployment benefits bill as unnecessarily lavish given signs that the recession bottomed out during the summer. But Mr Bush continues to support a more modest \$4bn proposal advanced by Senate Republican leader Robert Dole that would extend jobless benefits by 10 weeks.

The veto was the 23rd since Mr Bush became president. Bond prices rose sharply on Wall Street following news of a 0.1 per cent increase in finished producer prices last month. Analysts had expected an increase of 0.3 per cent.

The annual rate of producer price inflation fell to 0.7 per cent, compared with 4 per cent at the beginning of this year. Excluding the volatile food and energy components, "core" producer prices were flat last month.

Separate figures showed a 0.7 per cent increase in retail sales last month. But the rebound, which followed a revised 0.6 per cent decline in August, mainly reflected higher car sales boosted by purchases for rental fleets. Excluding cars, retail sales rose only 0.1 per cent, suggesting that consumer demand remains generally weak.

The good inflation figures and weak underlying retail sales were seen as increasing the chance of another small cut in interest rates.

Quayle to stay on Bush ticket

PRESIDENT Bush yesterday removed any lingering doubt that he wants to retain Vice President Dan Quayle as his running-mate in the 1992 presidential election, writes Lionel Barber in Washington.

According to papers filed with the Federal Election Commission, Mr Bush has designated a Bush-Quayle 92 committee as the principal vehicle for his re-election campaign.

Mr Bush's move yesterday marks the first step towards re-election. He is expected to formally declare he is running again in January.

Gunmen fire at Mandela home

Gunmen fired two bursts from automatic weapons at Nelson Mandela's Soweto home on Thursday night, the African National Congress said yesterday. Reuter reports from Johannesburg.

Mr Mandela, the ANC president, was at home but no bullets hit the house.

Belgium warning to Mobutu

Belgium yesterday told President Mobutu Sese Seko to allow democratic and effective government in Zaire, writes David Buchanan in Brussels.

Mr Mark Eyskens, foreign minister, said Belgium insisted "in unequivocal terms" on "representative and effective" government with real powers.

President Mobutu has been spinning out talks with opposition leader Etienne Tshisekedi, whom he has accepted as prime minister, by scheming to get half the ministerial jobs for his supporters.

Boeing to modify airliner engines

By Paul Belts, Aerospace Correspondent

BOEING will today start dispatching teams of engineers around the world to modify the thrust reverser system on 58 Boeing 767 wide-body airliners powered by Pratt & Whitney PW4000 jet engines.

The modification programme follows last May's crash of an Air Lauda 767 in Thailand. All 223 aboard died after a thrust reverser was activated in one of the engines as the aircraft was climbing.

Boeing gave no estimate of the cost of the modifications which will involve the 58 aircraft being taken out of service for several days while the changes are made. The thrust reverser redirects an engine's exhaust to give an aircraft additional braking power.

The US Federal Aviation Authority has approved the modifications which involve changes to the electrical control, hydraulic actuation and cross-connection systems.

The FAA ordered last August airlines to deactivate thrust reversers on 767s after the Air Lauda accident investigation suggested that a faulty valve probably caused deployment of the system leading to the fatal crash.

The FAA said airlines could begin using again thrust reversers once the changes have been made.

Among the airlines operating PW4000 powered 767s are SAS, United Airlines, Delta, Avianca, Lauda Air, and Egyptair.

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INTERNATIONAL NEWS

Big boy pursues seat of shame

Veteran Japanese politician Kiuchi Miyazawa has swallowed his pride to win the backing of the ruling party's kingmakers. Stefan Wagstyl reports

MR KIUCHI Miyazawa is said to have cried when he failed four years ago to become Japanese prime minister.

This time the 72-year-old veteran party leader is taking no chances. He was the first to declare himself in the race to succeed Mr Toshiki Kaifu, whose term as prime minister expires at the end of the month. Then, he pulled no punches in attacking Mr Kaifu's record, accusing him of being a political lightweight in the ruling Liberal Democratic party, and saying it was "time for the big boys to take over".

Finally, Mr Miyazawa begged for support from Mr Noboru Takeshita and Mr Shin Kanemaru, leaders of the LDP's biggest faction, without whose backing he would have stood no chance. He swallowed his proud expertise on economics and international affairs and promised to lead the country in accordance with their wishes.

The ritual screw was turned tighter. He was, humbly, made to deliver his pledge of obedience not to Mr Takeshita or Mr Kanemaru, his contemporaries, but to their lieutenant, Mr Ichiro Ozawa, more than 20 years his junior. "The man of policy was turned into the man of flattery," said the tabloid newspaper Fuji Yukan yesterday. Mr Miyazawa sat "in the seat of shame".

In return the Takeshita/Kanemaru faction yesterday promised to back Mr Miyazawa when the party leadership election is held on October 27, giving him an apparently unsalable advantage over the two other runners in the race - Mr Michio Watanabe and Mr Hiroshi Mitsuoka.

Mr Takeshita and Mr Kanemaru have backed Mr Miyazawa principally because they

failed to find a suitable candidate from their own faction. Mr Ozawa refused to stand on the grounds that he has recently had heart trouble and that at 48 he is too young. Choosing another man risked disrupting factional unity - so it was easier to choose Mr Miyazawa. But the price of their support will be the pick of their cabinet posts plus a strong influence over Mr Miyazawa's policies. Like Mr Kaifu before him, Mr Miyazawa may be labelled a puppet prime minister. However, unlike Mr Kaifu, who had little weight in the party and virtually no experience of dealing with officialdom, Mr Miyazawa will come to the premiership with his own faction (the third largest) and a lifetime of experience in government. These advantages would not count for much in a fight with

A shy man, Mr Miyazawa could not bring himself to spend enough time drinking with other party members

Mr Takeshita or Mr Kanemaru. But Mr Miyazawa may be able to carve out a role for himself by concentrating on issues in which factional interests are not involved - such as foreign policy - as Mr Yasuhiro Nakasone did from 1983 to 1987. Mr Miyazawa was born into the governing class: his grandfather was a cabinet minister and his father a Diet member. He learnt English, went to Tokyo University and joined the administrative elite at the Ministry of Finance. His first overseas mission was as a junior member of Japan's dele-



Miyazawa: may become another puppet prime minister

gation for the signing of the US-Japan peace treaty in San Francisco in 1951.

He joined the LDP and secured his first cabinet post as long ago as 1962. He then held a succession of high government posts - serving as foreign minister in the mid-1970s and finance minister in the mid-1980s.

But the top job eluded him. A shy man, Mr Miyazawa could not bring himself to spend enough time drinking with other party members. He hoped his experience in government, his solid understanding of the economy and his reputation abroad would be enough. But, as one LDP member put it: "Mr Miyazawa may speak English. But can he speak Japanese?"

In 1987, he had to settle for being Mr Takeshita's finance minister, hoping that another chance would present itself before he grew too old. But in 1989, he got caught up in the Recruit bribery affair and resigned after one of his aides admitted accepting cut-price shares from Recruit, a publishing company. But the LDP is very forgiving of the misdemeanours of

its members - not least because most members have something to forgive. As public anger cooled, the scandal-tainted leaders, led by Mr Takeshita himself, crept back to the centre of power.

The critical issue is whether he will make much difference to Japanese policy-making. Having waited for so long, Mr Miyazawa will doubtless try to put his personal stamp on government, particularly on foreign policy.

He has repeatedly pledged to expand Japan's contribution to the international community, including United Nations peacekeeping operations. He has said it is time to end the "big brother-little brother" relationship with the US.

But his policies are now mainstream positions. He grasped the significance of internationalisation earlier than some of his colleagues and is certainly a more eloquent exponent of what it entails. He may well bring more coherence to Japanese policy-making. But he may not. Being clever has not always helped Mr Miyazawa in the past and may not help him now.

Kaifu hint on rice market denied

JAPANESE agriculture officials yesterday insisted the rice market would not be opened to imports, countering hints from Mr Toshiki Kaifu, the outgoing prime minister, that Japan would agree to rice "tariffication", the replacement of existing barriers with a new tariff regime, writes

Robert Thomson in Tokyo. Japan has fought against opening its rice market during the Uruguay Round of multilateral trade negotiations, though it is generally understood by Japanese politicians that the country will have to allow a small but symbolic amount of imports if the US

and EC reach agreement on farm trade reform.

Rice is a sensitive issue in Japan, where farmers are traditional supporters of the ruling party. Mr Shiwaku said rice has a significance for Japan which "can't be measured in economic terms".

Nomura fined

THE Tokyo Stock Exchange is to fine Nomura Securities ¥50m (£224,200) for excessively urging clients in 1989 to buy stock in Tokai Corporation, a railway company, Reuters reports from Tokyo. The manipulation inflated the price of the stock.

UK NEWS

Air travel shows gradual recovery

By Paul Betts, Aerospace Correspondent

AIR TRAVEL is gradually recovering from the Gulf war decline, according to BAA, the UK airports operator. Even so, traffic remains below last year's levels.

BAA handled 7.3m passengers at its eight airports last month, 1.6 per cent fewer than in September last year. There were falls of 7 per cent in July and 2.3 per cent in August, compared with year-ago figures.

For the first time since the Gulf war, the number of take-offs and landings at BAA airports last month was 1.5 per cent higher than the number last September. Traffic at Heathrow, BAA's most important airport, showed 0.7 per cent fall last month. Stansted, its newest airport, continued rapid growth with a 53 per cent rise.

EC health and safety rules may cost £300m

By Diane Summers, Labour Staff

INDUSTRY may face costs of £300m in the first year of implementing a range of new European Community health and safety laws, the Health and Safety Commission disclosed yesterday.

A total of eight EC directives on the topic are due to be incorporated into British legislation by the end of next year. Costings have yet to be done by the Commission on the implementation of all the directives, but it is likely that businesses may face similar costs in subsequent years.

The Confederation of British Industry said that the projected costs were "of some concern", although their exact scale would depend on how sensibly the rules were implemented.

The figures emerged at the launch yesterday of a consultation document on implementation of an EC framework directive on health and safety by the Commission. The framework sets the outline principles for further, more detailed directives.

Employers will be required from 1993 to carry out formal audits of all health and safety risks to their employees. They will also have to appoint "competent persons" - the criteria for whom has yet to be decided - to help them monitor and act on the audits.

The cost to industry of preparing the audits is estimated by the Commission to be between £4m and £42m initially, and between £500,000 and £4m a year after that. Documenting health and safety arrangements is estimated at about £8.5m in the first year and £1m in subsequent years. The appointment of competent persons might cost about £55m a year, and providing information and training for employees about £10m a year.

The framework directive is only the first of eight directives that will be law in Britain by the end of next year and will involve employers in extra

costs. Of the others, the one with the most significant impact is likely to be the directive on the lifting and carrying of heavy loads by employees, particularly where there are risks of back injury.

The Commission estimated yesterday that the annual burden of the new rules on industry might cost £170m a year to implement. Another directive on protective equipment is likely to cost about £10m a year, and the implementation of a work equipment directive might cost £10m to £16m over 10 years.

No estimates have yet been made for the costs involved in bringing in new rules on visual display units. The measure is likely to involve some re-equipping and the provision of free eye tests by employers.

The Commission said if just 5 per cent of all accidents at work were prevented as a result of the measures, then the additional costs of implementing the framework directive would be covered.

Cheaper fresh food helps to restrain rise in retail prices

By Rachel Johnson, Economics Staff

CHEAPER vegetables and fresh fruit caused seasonal food prices to drop by a monthly 5.5 per cent in September, the Central Statistical Office announced yesterday.

That sharp fall in seasonal food prices - the biggest September fall since 1982 - was one of the main factors in the fall in the annual rate of increase of yesterday's retail prices index for September to 4.1 per cent, after August's 4.8 per cent.

It helped to offset higher prices for clothes and household goods as summer sales tailed off and new stocks arrived for the autumn season.

A steep increase in the price of oil last year - which then added 0.5 percentage points to the index - also dropped out of the annual comparison last month, pushing the index down 0.1 percentage points. Last year, higher petrol prices added 0.3 percentage points to the index, whereas petrol prices last month fell 1.6 per cent.

Falling housing costs also played a big part in the overall decline in the index. After a series of mortgage rate reductions and the cuts in poll tax bills, housing costs dropped by a monthly 0.1 per cent to take the annual rate to a negative 8.8 per cent - the lowest since records began in 1947.

The latest round of mortgage reductions of 0.5 percentage points should reduce the index by a further quarter-point in October this year, the CSO said.

Those factors kept the monthly rise in the index last month to 0.4 per cent. Otherwise, rises in clothing, footwear and leisure services would have limited inflation's fall.

Next month, the rate of increase in 1991 inflation is expected to fall to 3.5 per cent as base effects from last year's Gulf crisis drop out of October index and mortgage rate reductions continue to feed through.

Mr David Mellor, chief secretary to the Treasury, was one of many who welcomed the fall. "These are most encouraging figures showing we are on course, as promised, for inflation of 4 per cent average in the last quarter of this year," he said.

"We are back below the European Community average for inflation for the first time for five years."

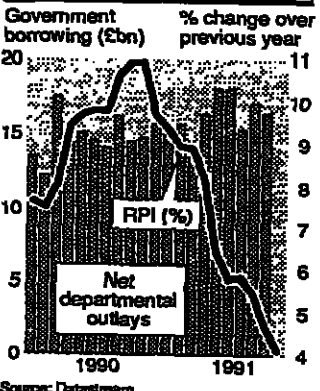
In October, UK inflation is set to undercut that of Germany, which was rising at an annual 3.9 per cent in September.

However, the prices of seasonal and non-seasonal foods, tobacco, household fuel, postal and telephone charges are all set to rise next month. That suggests that the UK's inflation performance is unlikely to better Germany's for long, as unit wage costs remain high and sterling's weakness keeps up imported inflation from the US.

The general index of retail prices in September was 134.6 (January 1987=100), after 134.1 in August.

Figures mean Mellor must rework his arithmetic

Rachel Johnson explains how retail price statistics put pressure on government spending plans



1992-93, the extra costs mount up to £2.5bn - not counting the revenues forgone from lost income-tax receipts that will accompany the rise in the jobless total.

Mr Simon Briscoe, of Greenwell Montagu, the investment house, said: "They'll have to run down the reserve simply as a consequence of unemployment's rise."

"This means every additional pressure Mr Mellor concedes to will straight away add to the planning total."

The City is prepared for the planning total to stretch to about £227bn in 1992-93. That includes a £3.5bn contingency reserve, run down from £7bn.

Mr Chris Dillow, economist at Nomura Securities, puts it up. The planning total deficit will add £2bn to the base £22bn to accommodate higher wages inflation, then there is an extra £1.5bn to £2bn for the poll tax to pad out local authority grants and keep down individual bills before the election. Upgrading services in transport, health and education add an extra £2bn.

An increase to about £27bn would not be a shock. The City already expects a public-sector borrowing requirement between £15bn and £20bn next year - about 3 per cent of gross domestic product - compared with the Budget's forecast of £12bn.

City economists have been softened up into expecting a rise in public borrowing by Mr Lamont's talk of automatic stabilisers - the mechanisms that lift spending in a recession and lower it when what the chancellor hopes will be non-inflationary growth resumes.

tary, worked out the arithmetic yesterday ahead of the government. On the Rossi scale, a single pensioner's weekly benefit would rise to £57.25 from £53.40, and a couple's would increase to £87.15 from £83.15.

Those increases will force the Treasury to spend an extra £100m after its miscalculation of the September RPI. With a planning total of £221bn pencilled in for next year, this does not appear too huge. But add in the cost of the unexpected rise in unemployment, and it becomes apparent that these forecasting errors on inflation and unemployment have wiped out Mr Mellor's ability to increase spending without adding to the planning total.

A year ago, the Treasury forecast that unemployment would average 1.75m a year between 1990 and 1992. By the own ready reckoner, the exchequer has to pay £225m a year for every 100,000 people out of work.

With unemployment predicted to average nearly 3m in

Mr Michael Meacher, the shadow social security sec-

FINANCIAL TIMES

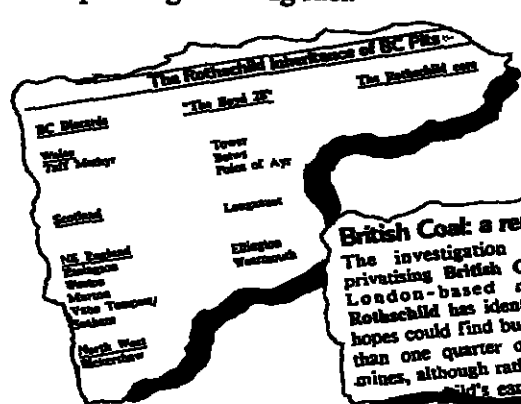
NEWSLETTERS

UK COAL: What Sort of Future?

Again, first with the news; first with the analysis

FINANCIAL TIMES INTERNATIONAL COAL REPORT, edited by Gerard McCloskey, first identified the British Coal Mines listed in the Rothschild Report, and took a sharp view on the implications for the UK Coal Industry and possible privatisation.

Subscribers to International Coal Report, including buyers, brokers, investors, and shippers, were not surprised to be informed ahead of the pack. They expect, and get, nothing less from International Coal Report, the No.1 newsletter on coal, the world's dominant power-generating fuel.



British Coal: a remnant sale

The investigation into the prospects for privatising British Coal being carried out by NM Rothschild has identified just 14 pits which it believes could find buyers. The pits represent less than one quarter of the company's operating mines, although rather more of its tonnage.

FINANCIAL TIMES INTERNATIONAL COAL REPORT

How the coal industry will survive the challenges of the 1990s

By Gerard McCloskey, Editor

1. The coal industry is in a state of crisis. It is a industry that has been in decline for many years, and is now facing a series of challenges that threaten its very survival. These challenges include: a) a decline in demand for coal, b) a rise in the cost of coal, and c) a rise in the cost of alternative energy sources.

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For further details phone Louise Alsop

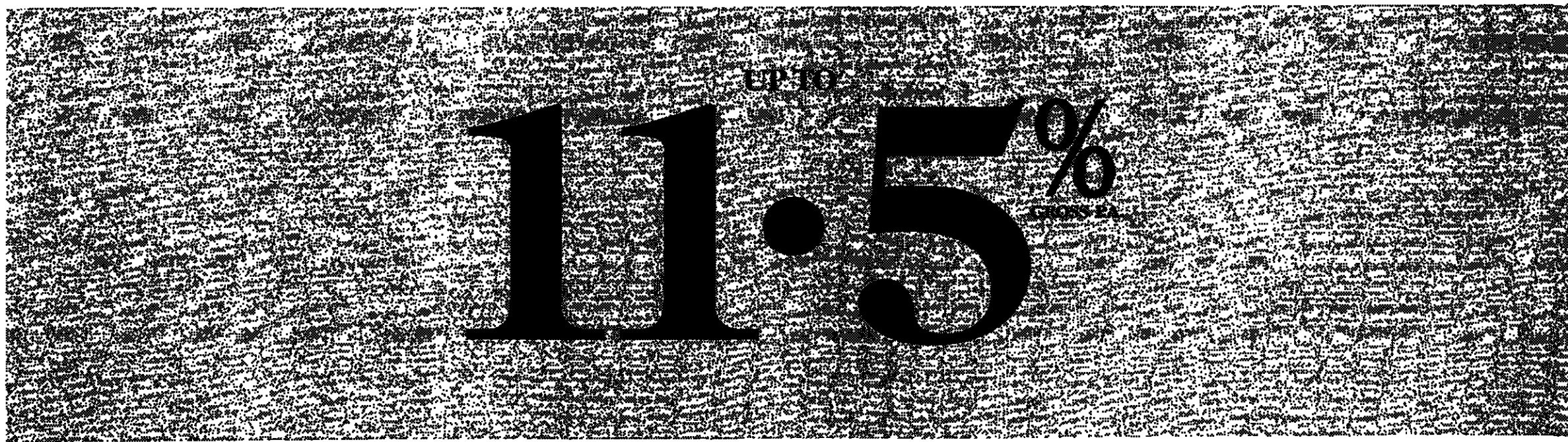
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UK NEWS

Review promised at Fox over potentially illegal activities

By Richard Waters and David Blackwell

THE LONDON Futures and Options Exchange (Fox) yesterday disclosed details of the potentially illegal activities that have taken place in several of its contracts and pledged a thorough review of the market's operations and management.

Mr Philip Thorpe, chief executive, explained in a letter to members a series of payments to member firms, "consultancy fees" and rebates of levies paid by members.

Together, the payments show how aggressively Fox, under Mr Mark

Blundell, its former chief executive, encouraged the use of its new contracts.

Mr Thorpe added that further investigations were under way. "I'm going to keep an open mind about the extent of the problem until I can draw conclusions. I've been very concerned that members have been kept in the dark until now. We've all been working very hard to find out what's gone on."

The irregularities reported to Fox's board yesterday morning, and

communicated later to members, include:

• The exchange paid £162,055 plus VAT to one of its members "in respect of trades undertaken by the member with the guidance of Mr Blundell" in the property futures market. Mr Blundell, who resigned as chief executive last Saturday, is understood to have issued indemnities to brokers to deal.

• Also to promote the property futures market, the exchange paid one of its members a £25,000 "consul-

tancy fee". There have been unspecified "dummy trades" in the contracts, at times made with the "encouragement of the exchange".

• Two members of the exchange were paid £10,000 each to encourage their support of the rice contract, although they were not directed on how they should trade.

• In one contract - that based on the Metallgesellschaft metals index (MGMD) - rebates were "available only on a limited basis", rather than to all those involved in the market.

• Incentives on other contracts, such as rubber and arabica coffee, had included levy holidays and discounts on the exchange's terminals.

Mr Thorpe said: "There was a heavy enthusiasm in one part of the exchange's operations, and that clearly has to be dealt with."

He has started a review of the management, accounting systems and compliance procedures.

The troubles at Fox meant that a planned takeover of the New Zealand Futures and Options Exchange

was unlikely to go ahead. "In the current circumstances, we will find it very difficult to proceed," Mr Thorpe said. However, he said the exchange would want to keep the possibility of a merger alive if it could.

It might also delay the return of the raw sugar market to open outcry trading. Raw sugar was moved to screen trading in order to boost flagging volumes at the beginning of the year, but the market decided last month to abandon screen trading.

BT announces further 16,000 redundancies

By Michael Cassell, Business Correspondent

BT yesterday announced a further 16,000 redundancies, following the disclosure in April that it expected to shed up to 40,000 jobs over the next few years.

The company said that the jobs would be lost within the next 18 months among engineering and clerical staff. It "earnestly hoped" they would all be achieved through voluntary redundancy and natural wastage.

It emphasised that the manpower reductions were not caused by the recession.

BT, formerly British Telecom, said the job losses were the result of recent progress in modernising the telephone network.

With much of the work on installing computer-controlled exchanges completed, fewer engineers were required. The improved network also reduced the need for maintenance and administrative staff.

Details of redundancy terms were recently agreed with the unions involved, and work on identifying the areas for job losses has begun. The first jobs could go almost immediately.

The National Communications Union, which expects 7,000 of its members to lose their jobs, said there would be cuts throughout the country. But most of the redundancies

were expected in London and the south-east.

The NCU believes about 12,000 of the 16,000 jobs will be lost by next March, although BT said it expected about 5,000 voluntary redundancies by then. The union said BT had agreed that employees who remained with the company would have their wages and conditions protected for the next four years, even if they were redeployed to a lower-grade job.

At the start of the company's financial year in April, BT employed 227,000 people. But there have since been job cuts.

It has subsequently announced that 7,500 jobs are to go among telephone operators by March 1994, because of the loss of business that followed the introduction of charges for directory inquiries and because of equipment modernisation.

In its last financial year, BT shed 18,000 jobs, one third of them involving middle management.

In spite of BT's denials that the latest reductions were connected with the recession, Mr Tony Blair, shadow employment secretary, said the job losses represented further evidence of the effect of government policies on the economy. Asda job losses, Page 10

End of a long and winding road

By Robert Rice, Legal Correspondent

APPLE Computers and Apple Corps, the Beatles' record company, yesterday reached an amicable agreement to discontinue their year-long, multi-million-pound legal battle over use of an apple as a logo.

The settlement was not disclosed, since part of the agreement, Mr Gordon Follock QC, for the record company, told the High Court, was that terms of the settlement should remain confidential. "It has been a long, hard road," he said. The court was not asked to make any order on costs.

The settlement was reached after a 118-day High Court hearing and a 10-day diversion to the Court of Appeal.

Apple Corps was seeking worldwide ban on the use of the apple logo on equipment designed for synthesising music by the California-based computer group.

At the centre of the dispute was the MIDI - musical instrument digital interface equipment designed to synthesise music, made and sold under the apple mark by Apple Computer.

Apple Corps claimed that the computer company had broken a 1981 agreement between them setting out the computer company's rights in relation to the Apple trademark.

The object of the agreement had been to ensure that Apple Computer could use its apple trademark in relation to com-



Strings attached: Apple Computer (logo on left) has reached a secret deal with Apple Corps (logo, right)

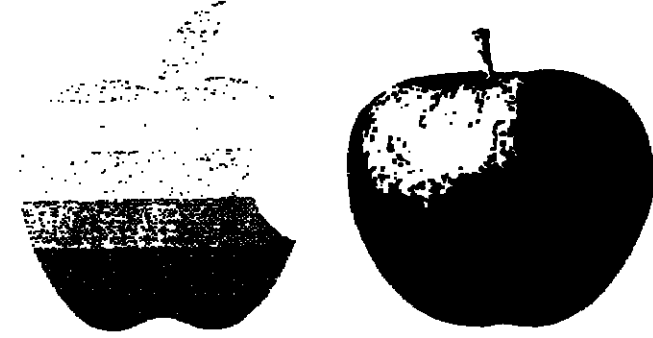
puters, while ensuring that such use did not impinge on Apple Corps' use of its mark in the music sphere.

Apple Corps, which has trademark protection in 27 countries for its distinctive apple logo, was seeking damages for breach of the 1981 agreement and an injunction restraining Apple Computer from further breach of the agreement by trying to have its logo registered in the UK.

Apple Computer argued that the agreement was unenforceable and that Apple Corps' claim to enforce it was in breach of the Treaty of Rome.

Apple Corps is owned by the three surviving members of the Beatles - Paul McCartney, George Harrison and Ringo Starr - and by the estate of John Lennon.

Beatles records have been marketed on the Apple label since 1968.



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Germany joins engine group to power Merlin helicopter

By Paul Betts, Aerospace Correspondent

GERMANY is joining the Rolls-Royce collaborative engine programme to power the Royal Navy's new EH101 Merlin anti-submarine helicopter.

The helicopters are to be built by Westland and Agusta of Italy under a contract managed by IBM.

Motoren und Turbinen-Union (MTU), the engine subsidiary of Deutsche Aerospace, is expected to sign a letter of intent later this month to co-operate in the programme to

build the RTM322 helicopter engine.

The RTM322 is currently being jointly developed by Rolls-Royce and Turbomeca of France. Piaggio of Italy is also in the programme.

The engine programme is designed for application on a wide range of helicopters including the Sikorsky Black Hawk, the McDonnell Douglas Apache and the proposed European NH90 tactical transport and naval helicopter.

MTU and Rolls-Royce already collaborate on the EJ200 engine for the future European Fighter Aircraft and the MTR390 engine for the Franco-German Tiger anti-tank helicopter. In civil engines, Rolls-Royce and MTU are partners in the V2500 programme which powers the Airbus A320/321 and the McDonnell Douglas MD90 airliners.

Rolls-Royce has recently forged a strategic partnership in civil aero-engines with another German company: the BMW car group.

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NUM recommends overtime ban

By Lisa Wood, Labour Staff

DELEGATES at a special conference of the National Union of Mineworkers voted yesterday to hold a ballot next month recommending a full overtime ban with no safety cover. The move was in protest at British Coal's refusal to negotiate on pay with the union.

The NUM has refused to negotiate with British Coal

since 1984-85 because of the corporation's insistence that the rival Union of Democratic Mineworkers should negotiate on behalf of its members.

Delegates voted yesterday by 36 to 22 to hold the ballot. The NUM wants British Coal to open talks on its pay claim, submitted in August, for an increase in basic pay,

consolidation of incentives and bonuses into the basic wage and an increase in holidays.

The ballot decision was described as "potentially suicidal" by British Coal. Mr Kevan Hunt, director of employee relations for British Coal, said that, with the coal industry fighting for survival in the marketplace, any action would be self-defeating.

THE GUINNESS TRIAL

Roux tells jury of limits on knowledge of indemnities

By Raymond Hughes, Law Courts Correspondent

IT WAS never intended during Guinness's bid for Distillers that Distillers shareholders should know about indemnities being offered to supporters of Guinness's share price.

Mr Roux, former Guinness finance director, said indemnity arrangements for supporters recruited by Mr Roger Seelig had not been put in writing, referred to the Guinness board or its acquisitions committee, or cleared with the company's lawyers.

Questioned by Miss Elizabeth Gloster QC, prosecuting, he said the merger agreement, under which Distillers undertook to pay Guinness's bid costs if the bid failed, had not covered losses by Guinness on the sale of its or Distillers' shares, or similar losses by Morgan Grenfell, Guinness's principal merchant banker.

Miss Gloster asked if Guinness had received legal advice on that agreement.

Mr Roux said it had been drafted by Freshfields, Guin-

ness's solicitors. The agreement, including the indemnity arrangements, had been disclosed in Guinness's offer document.

He said the company had not taken legal advice about arrangements to cover losses incurred by supporters recruited by Mr Seelig.

Mr Roux was continuing his evidence on the 12th day of the trial in which Lord Spens, former corporate finance managing director at the Henry Ansbacher merchant bank, and Mr Seelig, former corporate finance director at Morgan Grenfell, are accused of dishonest involvement in an unlawful share support operation mounted by Guinness during the 1986 takeover battle for Distillers.

They are jointly charged with conspiring to induce Distillers shareholders to accept Guinness's offer. Mr Seelig faces another charge under the 1985 Prevention of Fraud (Investments) Act and two of false accounting. Lord Spens

faces one false-accounting charge. Both pleaded not guilty.

Mr Roux said he had been told that the use of supporters and indemnity arrangements was widespread in hostile takeover bids at the time. Miss Gloster asked who had told him that.

Mr Roux said his sources had included Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, a millionaire financier. He added that, as far as indemnities were concerned, he had imagined that "in this world no one does something for nothing".

The trial continues on Monday. • The case against Mr Thomas Ward, a US lawyer and former non-executive director of Guinness, has been transferred from Bow Street magistrates court to the Old Bailey. Mr Ward is charged with the theft of £5.2m from Guinness, false accounting and dishonestly procuring the execution of a valuable security by deception.

Tax staff threaten industrial action

INLAND REVENUE staff may ban overtime and work to rule if they fail to reach agreement on pay issues within the next six weeks, Inland Revenue staff Federation.

A ballot of members of the Inland Revenue Staff Federation, which represents tax workers at all levels except the most senior grades, is expected on Monday to indicate acceptance of a 6.5 per cent pay offer which the membership had rejected in August. The union believes the ballot will also show support for industrial action.

The union said there was resentment over a system of performance-related pay, and added that the membership was likely to take some form of industrial action if, before the end of November, there was no satisfactory outcome on performance-related pay and other issues.

Challenge to SFO powers

THE POWER of the Serious Fraud Office to compel people to answer questions has been challenged in the High Court by Mr Wallace Duncan Smith, chairman and managing director of Wallace Smith Trust, who has been charged with fraud against creditors amounting to at least £97m.

He challenged a notice issued by the SFO after his arrest requiring him to attend for questioning. His lawyers argued that it violated his right against self-incrimination. The SFO said its notice was validly issued under its powers under section 2 of the 1987 Criminal Justice Act. The court reserved its decision to a later date.

Judge warns Blue Arrow jury

THE BLUE Arrow fraud trial may continue into the New Year, the judge, Mr Justice McKinnon, warned yesterday. The jury has already sat for 128 days since the trial began on February 11 this year. The trial resumes on Monday, when the court will hear the first of the defence evidence.

Ferguson TV factory to close

THOMSON Consumer Electronics of France is to close its Ferguson television factory in Gosport, Hampshire, with the loss of 700 jobs, marking the end of Ferguson's UK manufacturing activities.

Thomson, which bought Ferguson from Thorn EMI in 1987, said the closure was the result of the poor UK market for televisions and satellite decoders.

Lawyer sentenced to two years

A CANADIAN lawyer was yesterday sentenced to two years in jail for his part in a worldwide fraud that netted hundreds of millions of pounds.

Southwark Crown Court was told that Mr Harold Linden claimed to represent a respectable Taiwan investment company. The prosecution alleged that he took a ¼ per cent commitment fee or a \$5,000 deposit for "international processing" but loans he promised to obtain never materialised.

Mr Linden admitted two specimen charges of procuring a valuable security by deception and two of obtaining property by deception.

Rover ballot

MORE than 1,000 staff at Rover in Cowley, Oxfordshire, are to be balloted on strike action next week over compulsory redundancies among white-collar workers.

Share issues rise

SHARE issues announced by UK borrowers in the first nine months of 1991 came to £25.7bn, compared with £19.5bn in the whole of 1990, the Bank of England said yesterday.

School fees up

PRIVATE school fees rose by about 10 per cent in the past year, according to the Independent Schools Information Service. The increase is in excess of prevailing inflation, but down on the record 12.5 per cent increase last year.

ENGAGEMENT ANNOUNCEMENT

Mr J.A. Dodgson and Mrs B.L. Taylor

The engagement is announced between John, youngest son of Mr and Mrs J.G. Dodgson of Humble, Kidlington, West Oxfordshire, and Bridget, younger daughter of Mr and Mrs M.T. Taylor of The Old Manor, Carlton, Moorfield, Lincolnshire.

LEADER'S SPEECH

Major pledges no privatisation of health service

By Ivor Owen, Parliamentary Correspondent

A FIRM PLEDGE that the National Health Service will not be privatised while he remains prime minister was given by Mr John Major yesterday, when he assured cheering Conservatives he intends to keep his hold on 10 Downing Street.

It was the centrepiece of one of the most combative passages in his first conference speech as party leader, which in content and delivery appeared to have been designed to underline the departure from the flamboyant Thatcher era.

Mr Major cited his own advance from a rundown property in Goldharbour Lane in inner-city Bristol to the most prized political address in Britain as evidence of the choice available to all under Conservative rule.

Stamping his own leadership on the party, he staked his personal reputation on overcoming the sustained Labour campaign alleging that a fourth successive Conservative election victory would result in the NHS being privatised.

To loud applause, Mr Major promised: "There will be no charges for hospital treatment, no charges for visits to the doctor, no privatisation of health care, neither piecemeal, nor in part, nor as a whole."

He stressed: "Not today. Not tomorrow. Not after the next election. Not ever, while I am prime minister."

Mr Major claimed that Labour leaders would be descending to the "gutters" if they persisted with their privatisation "lies" after such a specific pledge.

He identified a single phrase encapsulating the Conservative programme for the 1990s: "the power to choose - and the right to own."

The prime minister maintained that it was a programme based on fundamental



John Major: advocated a programme based on fundamental Conservative beliefs and values, spelling out the choices his government aimed to offer

Conservative beliefs and values, and exemplified in a strong Britain that was confident of its position, secure in defence and firm in its respect for the law.

Conservatives could also offer a strong economy, free from the threat of inflation, in which taxes - including estate duty - could fall, savings could grow, and independence was assured.

Spelling out the range of choices the Conservatives aimed to provide, Mr Major said he wanted to give:

- Individuals greater control over their own lives;
- Every mother, every father, a say over their child's education;
- Every schoolchild a choice of routes to the world of work;

• Every patient the confidence that their doctors could secure the best treatment for them;

• Every business and every worker freedom from the destructive dictatorship of union militants;

• Every family the right to have and to hold their own private corner of life; their own home, their own savings, their own security for the future - and for their children's future.

He said those measures would build the self-respect that comes from ownership, showing the responsibility that follows from self-respect.

Mr Major referred to his own experience of unemployment when acknowledging that times had been "tough" for those who had lost their jobs

and seen businesses collapse. He endorsed the judgment of Mr Norman Lamont, the chancellor, that the "way out of recession" could now be seen, and looked to the recovery that would bring investment.

The prime minister also joined with Mr Lamont in envisaging that a fourth Conservative election victory would lead to further tax cuts.

Lower taxes, he said, would allow people to save and invest in the future through building up a pension and starting businesses.

Mr Major reinforced expectations that reductions in estate duty would be among the tax cuts by declaring: "I want to see wealth cascading down the generations."

He insisted: "We do not see

each generation starting out anew, with the past cut off and the future ignored."

Highlighting the announcement that Britain's annual inflation rate had fallen to 4.1 per cent, he said: "For the first time in a generation, we have brought inflation down to German levels."

Dealing with developments in the European Common Market, the prime minister reaffirmed that the introduction of a single currency must be subject to a treaty providing for a separate decision to be taken

"not now but at a future date" - by the British government and the British parliament.

To sustained applause, he declared: "It is our decision. A single currency cannot be

imposed upon us. And I would not accept, on behalf of Britain, any treaty which sought to do so - at however distant a date." He repeated assurances that the government would not bow to federalist pressures in the EC.

In a reference to the December's Maastricht meeting, he said there were no circumstances in which a Conservative government would give up the right to take the crucial decisions "about our security, our foreign policy and our defence".

He said there could be no guarantee of agreement at Maastricht. "I shall put the interests of our country before any agreement. Not any agreement before the interests of our country."

The soft-spoken friend drops in

Ivo Dawdney observes his reception

NOTHING could have been more appropriate than the spontaneous chorus of "For He's A Jolly Good Fellow" and the three hearty cheers that marked the end of the applause for John Major's debut as leader on the Tory party conference rostrum.

This was a good fellow's speech, the testament of the decent bloke, the trusty colleague, the reliable friend. It appealed to the generosity of the listener, and, for the most part, it got it.

While some of the audience - the stormtroopers of the Mrs Thatcher's militant Toryism - discreetly bemoaned the lack of high-volume, flag-waving triumphalism, others welcomed the change.

For Mr Desmond Harney, a councillor from Chelsea, it was the very lack of patriotic fervour that came as relief. "All that had gone too far," he said. "There was instead a matter-of-fact, homespun practicality that was refreshing."

Others fell between. Mrs Kitty Cartwright and Mrs Doris Smith, two grey-haired ladies down from Middlesbrough, confessed a twinge of disappointment. "We could have done with a bit more fire," Mrs Smith said.

Mr Major started as he meant to go on. With obvious but effective symbolism, he arrived not from the monumental platform but from an obscure corner of the room, as if he had just dropped in off the street on his lunchbreak.

He left the same way, backslapped, handshaken, and grinning from ear to ear like the unexpected winner at a school sports day.

Stagehands had repositioned the rostrum, projecting it into the auditorium, somehow dis-

tancing the prime minister from the grandees on the platform behind him and identifying him more closely with the crowd below.

When he began to speak, the low-volume amplification and the conversational delivery forced the packed Ballroom to strain to hear. An atmosphere usually as bolsterous as a beer garden was transformed into a tea room hush.

Mr Major started on a self-deprecating note - "This is the first time I have had to fight my way into a hall" - and carried on in a similarly modest note.

His memories of standing at the back of the hall as a young man, his apparent amazement at his journey from Brixton's Coldharbour Lane to Downing Street and Kennebunkport exhibited the classic English virtue of understatement taken to an epic scale.

Where Mrs Thatcher paraded high-tension passion and global vision, her successor put over low-energy patriotism, with a gauche, even provincial charm: the gladiator replaced by the cricket spectator.

For many of the professionally neutral - the commentators and analysts - it was all too anti-climactic. "They have made the very best of a poor platform speaker," one said.

Perhaps revealingly, however, the chief criticism of Mr Peter Mandelson, Labour's former image-maker, was that Mr Major made too little of his qualities as the ordinary bloke made good.

Maybe so. But it is equally arguable that it was Mr Major's very earnestness, his lack of glamour and his solid, "jolly good fellow" reliability that was the real message of the speech.

BROADCASTERS

Viewers urged to 'jam switchboards'

By Alison Smith

MR CHRIS PATTEN, the Tory party chairman, yesterday urged representatives to "jam the switchboards" by telephoning broadcasters to complain if they thought television or radio programmes were being biased and unfair.

His call delighted representatives and alienated critics who feared that he was too fastidious for his job.

The telephone numbers of traditional Tory targets such as Panorama and the BBC radio programme Today would be published in the next edition of the monthly Tory newspaper for ease of reference, he told his cheering audience yesterday.

"When you're angered, tell me by all means, but most of all tell them... phone them on the spot. If necessary, jam the switchboards," he said. "We're not asking for Conservative broadcasting but what we do have a right to expect is fair broadcasting."

The initiative comes against

a background of criticism of the BBC by senior ministers and by Mr Major himself.

Mr Patten's rallying speech was directed primarily at the Tory activists in the conference hall, rather than any wider audience.

The most heartfelt applause of the morning was for Mr Patten's commitment to the party organising in Northern Ireland, a decision forced on the party by conference two years ago.

He also promised moves towards greater openness in Tory party accounts, and more details about how the money was spent.

Mr Patten, the pre-prandial warm-up speaker before Mr John Major's address to conference, was careful not to upstage the principal act, and disclaimed any intention of entering the applause lists in his second speech of the week.

His seasoned campaigner's peroration still won him a standing ovation of just under two minutes.

CHILD PROTECTION

Call for castration of offenders

CASTRATION was only one of the suggestions for dealing with child abusers to which Mrs Virginia Bottomley, the health minister, had to respond yesterday as conference debated child care, Emma Tucker writes.

Unlike the measured Mrs Bottomley, who set out her vision of a child welfare system in which children came first, Mr Geoffrey Dickens, the outspoken MP for Littleborough and Saddleworth, called for the castration of child abusers and rapists - a suggestion that went down well with delighted representatives.

"If you want to stop child abuse and the rape of women pass some legislation and on the second offence - not the first, in case there is a mistake - put it before parliament that we castrate the buggers," said Mr Dickens.

He said "streetwise grannies" should be encouraged into social services, rather than polytechnic students with humanities degrees.

NOTICE TO THE SHAREHOLDERS OF
MORGAN STANLEY JAPANESE WARRANT FUND N.V.

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Netherlands Antilles

Managing Director:
Pierson Trust (Curaçao) N.V.
John B. Gorsiraweg 6
Willemstad, Curaçao
Netherlands Antilles

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of the Company will be held at the Registered Office of the Company listed above on the day of October 30, 1991 at 9:00 a.m. to consider the following agenda:

AGENDA

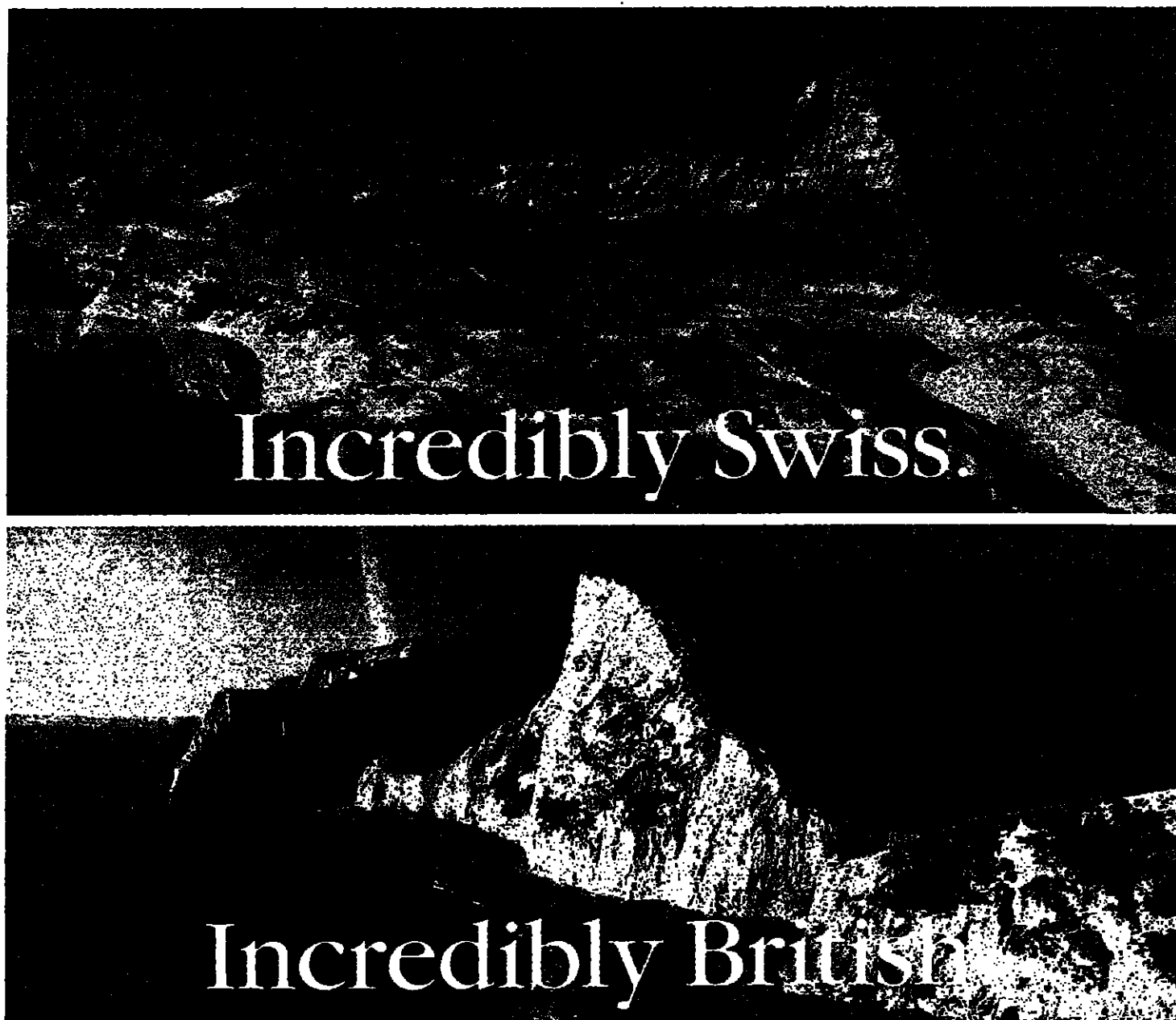
1. Proposal to hear the management report of the Directors on the business of the Company and the conducts of its affairs during the fiscal year ended January 31, 1991.
2. Proposal to approve the Statements of Assets and Liabilities of the Company as of January 31, 1991 and the Statement of Operations for the period commencing March 13, 1990 to January 31, 1991, as audited by Price Waterhouse. Such statements are available at the Company's registered office listed above.
3. Proposal to approve the selection of Price Waterhouse as the Company's independent auditor.
4. Proposal to approve the selection of Frederick B. Whittemore as a Member of the Board of Supervisory Directors.
5. To consider and act upon any other business as may properly come before the meeting or any adjournment thereof.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company. The requisite instrument of proxy is available at the registered office of the company listed above and must be delivered to the Company AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING. Members holding bearer shares must identify themselves as such by presenting to the Managing Director listed above the certificates or a statement from a bank that it shall not release such shares prior to the meeting. A Member wishing to appoint a proxy is advised to deliver a completed and signed instrument of proxy to the address specified via courier in order to ensure his representation at the meeting.

The Articles of Association of the Company do not provide for facsimile, telex, cable or other means of telecommunication in respect of instruments of proxy.

October 10, 1991

The Board of Directors



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Weekend October 12/October 13 1991

Dream time for industry

"ENTERPRISES that knew, in the late 1980s, that the Conservative government was their friend and champion, on a number of occasions over the past year or so expressed their dismay. Many expressed this to me personally." Thus, Mr Peter Lilley, trade and industry secretary, in a glumly honest foreword to "The government's industrial strategy", 50,000 copies of which have been despatched this week to doubters around the country.

Mr Lilley is right to worry. It is scarcely possible to get past the boardroom aperitif, without someone piling into Mr Lilley, widely held to epitomise Thatcherism's too-clever-by-half strain. Some captains of industry even threaten privately to vote Labour: others have voted with their purses, to the chagrin of the Conservative party treasurer.

Given the severity of the recession - and the clear culpability of the government in it - it is not surprising that industrialists are displeased. They are also broadly impressed with Labour's economic team and think the party will be especially good for some business sectors, such as construction and civil engineering. Now that both major parties agree there is no alternative to an economic policy dictated by the European exchange rate mechanism, perhaps there is also less need to worry about reckless Labour chancellors.

Another consequence of ERM membership is that it has allowed a further shift in the debate about economic performance from macro to micro issues, such as competition policy, infrastructure, education, training and research and development. In one sense, therefore, Mr Lilley's document is an attempt to match Labour's policy shopping list, by setting up a "technology audit scheme" here and an "innovation unit" there. In these circumstances, a harsher light is thrown upon specific government actions, such as the dithering over the Channel tunnel link, which had its unhappy issue this week, and which says more about government transport policy than any number of speeches.

Loss of confidence

The more serious question from the prawn cocktail circuit, however, is whether the current industrial yearning for something different represents a genuine loss of confidence in the central tenets of Mr Lilley's (and Mrs Thatcher's) approach to industry, with its primary emphasis upon lower direct taxes, laissez faire and a forceful competition policy of the kind belatedly applied this

week in the case of gas.

The disgruntled industrialist, however, is inclined to take most of the above for granted - a misjudgment of Labour in the case of competition policy, but then big business is often in two minds about cartels. The standard grumbles are interest rates, undermining of the export credit guarantee system, inadequate fiscal incentives for investment and failure to promote the interests of national champions, like ICI, British Airways and Rolls-Royce, although in the last case, there is an addendum that BA has inflicted irresponsible damage on Rolls by its recent decision to buy US engines.

Philosophical thread

In so far as this argument has a philosophical thread, it tends to express itself as a yearning for a more German or Japanese approach to industry. Move the same industrialist on to a discussion of the European Community, however, and you will be scolded about the insupportable extra costs of the social charter and the fact that it is part of a German plot to inflict that country's unemployment, short working hours and high welfare costs on the rest of the Community.

All of this is normal human psychology. Industrialists want the best of both worlds - a bargain as unobtainable in business as any other department of life. Perhaps by moving its operational headquarters to Brussels, but keeping its corporate headquarters in St Helens, Pilkington has its eye on just such a mirage. This cross-eyed, mid-Atlantic perspective has, of course, been a central feature of British political and economic life for decades, so it is not surprising that a governing party which has spent much of its recent energies looking west rather than east should now be trying to sound more European.

But the fact that Britain has opted for an anti-inflation policy anchored to the German central bank does not make it possible for its government to deliver a German-style business environment, complete with an approach to corporate governance which includes powerful banks and engaged but disciplined trade unions. If evidence is required, watch Vauxhall and Ford agree inflation-plus pay deals for their UK factories, as if the ERM had never happened.

Corporate dining room orators should not be taken too seriously. Any party which can plausibly offer to get competition and infrastructure policy right, within the ERM framework, will be promising most of what industry needs.

John Major has made himself the Tories' main asset, says Joe Rogaly

He did it his way



the precise meaning of the word "federation", or indeed its utility, are left for others. The gulls and the cleavages, if such are in prospect, will come in the small print, which very few people will read and fewer will understand.

Trust was again the essence of foreign policy. If Mr Major is trusted for being a common man, the foreign secretary, Mr Douglas Hurd, is trusted as a patrician and a professional. The prime minister was careful to draw attention to Mr Hurd, and to contrast his image with

The prime minister's speech rescued what was otherwise a so-so Conservative conference

that of the opposition spokesman on foreign affairs, Mr Gerald Kaufman. This is the language of the street fighter, not the fastidious international statesman. It was not the finest part of Mr Major's speech. Yet to a Tory audience, the message had considerable force.

The selling of himself apart, Mr Major's chosen election strategy is that the party should play to its traditional strengths, and add in the "social" elements of his particular brand of conservatism. In consequence, the package he offered yesterday was not new. Trust the Conservatives on defence, it said. Trust the government to manage the econ-

omy, and keep inflation down. Trust the Tory belief in "the power to choose, the right to choose, the right to choose."

He was especially strong on education, where he struck a popular chord, (and also played well to my own prejudices), by attacking "progressive" teaching and expressing a determination to equip even the most deprived children with basic skills. "It is a long road from Coldharbour Lane to Downing Street," said Dick Whittington

Major, uttering his autobiography in a phrase. Corny as it may be, it has the advantage of verisimilitude.

In short, the speech rescued what was otherwise a so-so Conservative conference. This is useful, coming as it does at the conclusion of a fortnight of mock electioneering during most of which Labour has enjoyed widespread admiration for its mastery of political skills, and its construction of a platform that is based on the proposition that government intervention can do you good.

We can now see what the election campaign would have been like had there been a con-

test next month, not to mention what it will be like if the voting takes place, as I still think it will, on May 7 next year. The two main parties are more or less neck-and-neck in the polls (Labour's slight advantage being within the margin of error). Labour is managed by a battle-trained tribe of shadow ministers who have thought it all through. It outperforms the Tories in many if not most set-piece political confrontations.

The government has the prime minister. Under his direction, it is standing on its record since 1979, plus the embellishments he introduced this year. Wisely, a veil is drawn over the period 1987-1990. The Labour party is standing on the proposition that it is time for a change, and that the effect of a change to Labour will range from harmless to mildly beneficial.

Contrary to the conventional wisdom, the net result is that voters will be offered a clear choice. Continue with Mr Major's emollient Thatcherism, or go for Mr Kinnock's emollient social democracy, or state "neither of the above" by abstaining or voting Liberal Democrat. The broad economic effect is the same either way, since it will be determined by Britain's participation in the European exchange rate mechanism, to which all parties subscribe. For the rest the differences are manifest.

If that was all there was to it, Labour might be set to topple the Conservatives by depriving them of an overall majority. For Labour's policies, reflected over two years in the mirrors of a thousand polls and polished to suit, are undoubtedly popular. Mr Major may know his party's strengths, but on most domestic issues, including health, education, training, industrial "partnership", social welfare and the like it is Labour that has the electorate's trust.

The Conservatives must therefore rely on arithmetic and luck. Arithmetic still favours them, since an improvement of only 3 or 4 percentage points in their standing in the polls could put them on course to victory. That is a measure of Mr Major's achievement. When he took office, Labour was crushingly ahead.

As to luck, the Conservatives need to avoid several by now well-signposted hazards. The first is a run, or a Thatcher outburst, on Europe. Yesterday's speech indicated how well aware Mr Major is of the danger. Events always rule, but to the extent that individual politicians can insure themselves against disaster, the prime minister is doing his best. I suspect that it will be good enough. A second hazard is next year's crop of poll tax bills. Never mind that it is to be the last: the government will put its hand in our pockets one more time to buy our votes. Sure it will.

A third hazard is that the recession may not end early enough to enhance Conservative support to the necessary degree. It is too late to do much about this. The course is set. And if confidence does not return in time the Conservatives will be in some danger of losing their majority to a hung parliament. But that is the gamble you take when you make yourself the pivotal point of an entire party's election strategy.

Politics and the pound

Tony Jackson on a bumpy week for the London markets

It has been another bad week for the London markets: shares down, gilts down, sterling in the doldrums. The reason is, of course, politics. Labour's leader Mr Neil Kinnock did well in Brighton, the Tories not so well in Blackpool. The election is not for months yet. Are the markets going to carry on like this until polling day?

The short answer is yes. From now on, the City is bound to inspect the government's every action through an electoral microscope. Its old atavistic preference for the Tories is not about to change. From now until the spring, the single most important influence on the markets is likely to be the opinion polls.

There is a paradox here. The argument as to whether markets do better under Tory or Labour is old and inconclusive. But there is a new element: the general agreement among fund managers, brokers and currency analysts that it matters less who wins the next election than at any time for decades.

Much of this has to do with Labour's commitment to membership of the European exchange rate mechanism, which is seen as tying its hands in monetary and even fiscal policy. But there is a wider feeling abroad, which might be termed one of resignation. The City will vote Tory, but it recognises the Tories may have had their innings.

The feeling extends to a surprising number of Britain's industrialists. The chairman of a big conglomerate remarked privately this week that while he would be voting Tory himself, he found the members of the cabinet individually less impressive than their shadow counterparts. According to the head of one of the UK's biggest food companies, Labour's best chance lies in the British sense of fair play.

None of this means the markets can contemplate a Labour victory without flinching. Part of the paradox may be due to what might be termed secondary expectations. If you are an investor, as Maynard Keynes would have pointed out, what you think of a Labour victory does not matter. The important thing is what you think others are going to think.

Another reason may be more deep-seated. However dispassionately the brokers and money managers may calculate the odds for gilts and equities under Labour, the importance of sentiment in the markets must never be forgotten. The 1980s were a quite extraordinary decade for the City: markets boomed, salaries rocketed and tax rates plunged. It is a period forever identified with the Tories. For its beneficiaries, life under Labour would be a step into the dark.

But however deeply the markets care about the election,

that does not in itself make them the best judges of the outcome. They are eminently qualified to make predictions on the UK economy, which certainly has a bearing on the electorate. But as the City itself recognises, there is more to politics than economics.

The most detailed recent work on this topic comes from the stockbroking firm Lehman Brothers International. A mathematical study of a wide range of historic variables leads Lehman to conclude that economics is even less important than the City thinks.

"As economists," says Helen Dunn of Lehman, "we simply can't say all that much about the election. In accounting for the Tory-Labour gap in the polls, the economic variables are not that important. The historical correlation between, say, the mortgage rate and the Tories' standing in the polls may look persuasive, but it isn't that simple."

Thus, Lehman's projections for the state of the economy by next spring suggest a lead for Mr John Major over Labour of just 3 percentage points. Anything more will have to come from politics, not economics - his appeal versus Mr Kinnock's, the international situation, the luck of the draw.

But perhaps the market should be taken seriously as a political indicator on other grounds. Granted, the people who move the markets belong to a pretty narrow group: what the market researcher would call AB men aged 35 to 65, living in London and the south-east. But they follow the opinion polls closely, and their money rides on their judgment. And as the investment theorist will tell you, all relevant information is reflected in the market price.

According to Mark Brett, the head currency strategist at BZW, the smart money is usually right. "The peak for sterling in the mid-1980s was on election night in 1983. The next peak was on election night in 1987. In both cases it dropped sharply thereafter, so you could say the pattern is for the market to forecast election results correctly and then over-discount them."

On the other hand, the importance of elections weighs more with sterling investors at home than abroad. "Foreigners take a slightly wary view of policy in the UK. They tend to notice that in each of the last recessions, Labour or Tory, sterling has depreciated by just 13 per cent in the next 12 months after the recession bottomed. When it comes to Tory versus Labour, foreigners are much more pragmatic."

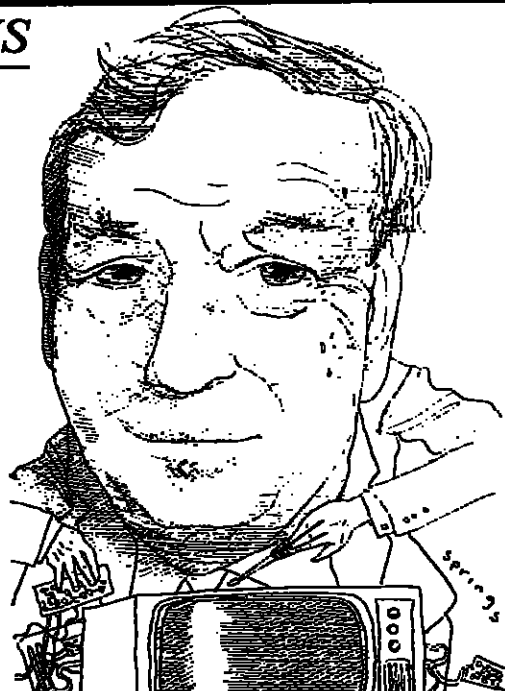
If UK investors followed their example, they might have more time to devote to rational analysis. But in the world of the markets, old habits die hard. Roll on the next opinion poll.

MAN IN THE NEWS

George Russell

Fine-tuner who will change the old channels

By Raymond Snoddy



losing in the privacy of their own offices and would be able to tell staff.

Throughout the long franchise process the hallmark of his actions has been "the minimum amount of fuss, the minimum amount of hurt."

Recently, Mr Russell, who will be 66 this month, spelled out how he approached the task of taking ITV apart and putting it together again.

"We have got to do all we can to minimise fear in the management of change," said the man who, partly by coincidence and partly by choice, has spent his career coping with companies or institutions at times of stress or transition.

His forte is identifying a path forward and then sticking to it. Tough decisions are not ducked. In 1982, Mr Russell effectively restructured the aluminium industry by buying the loss-making British Aluminium and merging it with Alcan Aluminium, where he was managing director, to create one profitable business. Soon there were closures and 1,200 redundancies. He said

simply that his action had avoided even more job losses.

With aluminium he was responsible for one of the shortest bills to come before the House of Commons - a single-clause bill involving the aluminium industry and water rights for a plant in Scotland.

In the past couple of years he has also been involved in one of the largest and most complex, the broadcasting bill that became law last November.

It is almost as if Mr Russell, like a Gateshead greyhound, has been specially bred and trained for the long-distance franchise race he is now completing. Since 1979, as his business career has developed, so has his knowledge of the regulation and structure of broadcasting, first as a member of the Independent Broadcasting Authority, then as deputy chairman of Channel 4, chairman of ITN, and chairman of the IBA and its successor, the BBC.

Mr Russell may not have approved the initial tender criteria - franchisees going to the highest bidder - chosen by the

government to restructure ITV. But he had no doubt whatsoever that change in the industry was needed. The ITV companies simply had to become more efficient and flexible to cope with competition from new channels.

In May 1989 when the government was already limbering up to tackle an ITV system that Mrs Thatcher once described as "the last bastion of restrictive practices", Mr Russell said his hope was that 80 per cent of the range and diversity of ITV programmes could be preserved.

His optimism has not changed. He thinks it could be even more than 80 per cent because channels such as Sky News have added to the diversity of British broadcasting. "There are more people producing programmes for TV in Britain than ever before and they have all got the same ethos. They want to make high-quality television and that is not going to change," he says.

Two years ago, Mr Russell threatened to resign if the gov-

ernment went ahead with a simple highest-bid auction. He got his way in introducing a great emphasis on quality, the concept of the "quality threshold", which all applicants have to pass before their bids are considered. At the end of the process there is also an "exceptional circumstances" clause enabling the ITC to disregard the highest bid if it chooses. Mr Russell, who once led out a Marley-owned racehorse called Marley Lite, reached for racing metaphors to describe the quality threshold. Getting the threshold right was like tackling Becher's Brook, the most difficult fence in the Grand National, he explained.

It is now clear that the ITC is going to use its discretion on quality to the full. But the commission will also stick to the letter of the law. Anyone still believing that Mr Russell has a hidden agenda which allows deals to save favoured companies because they have a fine programme-making tradition could be in for a shock on Wednesday. And every stage of the process has been checked and double-checked by two QC's to ensure it is very difficult for outraged losers to take the ITC to judicial review.

All communications have been handled on paper and ITC members have been asked to limit their socialising until the decisions have been announced. Mr Russell himself has given up champagne and stuck to mineral water to keep his head clear for what he sees as a complex intellectual task.

When the faxes have all been digested and the full financial implications of the decisions absorbed he hopes he will have managed to restructure the commercial television industry just as he once did aluminium. Commercial television, he believes, "is a major success story in this country". By the time the victory parties and the wakes are over Mr Russell will have moved on. He will be trying, against the odds, to find a workable structure for another government idea - Channel 5, the new national television channel due to be launched in 1994.

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When Mr Hans Van den Broek, the Dutch foreign minister, announced another Yugoslav ceasefire agreement on Thursday night, the city of Zagreb was plunged into darkness.

The Croatian government imposed a black-out, not out of fear of an attack, but as a reminder to its inhabitants that the towns of Vukovar, Vinkovci, and Osijek in Slavonia, eastern Croatia, have been without food, water, and medical supplies for more than 50 days. Worse, they have been without peace. Solidarity for the people of Slavonia now touches the heart of every citizen in Zagreb.

The latest European Community-sponsored agreement, which stipulates that Yugoslavia's Serb-dominated federal army will leave the republic of Croatia within 30 days, subject to political negotiations, is seen by many Croats as another useless piece of paper.

The consensus among EC monitors, western military attaches, Croat and Serb liberals, is that Mr Stjepan Mijatovic, the president of Serbia, will break his word and destroy the ceasefire until he achieves his goal of carving out a greater Serbia.

"We have seen how each time a new ceasefire is signed, Serbia and the federal army cynically ignore these agreements," one Croatian minister said yesterday.

He admitted, however, that Croatia itself often found it difficult to take the ceasefire seriously because it believed Serbia was intent on

attaining its goal at the expense of any peaceful withdrawal.

The federal army has become a crucial partner in Serbia's aims. In recent months it has undergone a radical metamorphosis. When it attacked Slovenia last June, backed by the Serbian leadership, it did so to prevent this tiny alpine republic from quitting the Yugoslav federation. The federal army was then still committed to the idea of defending the territorial integrity of the federation.

But the Slovenes were well-armed, and the republic is ethnically homogeneous, with no Serb minority to defend. So the federal army, and Mr Milosevic, drew back and turned their attention to the republic of Croatia, which, along with Slovenia, declared its independence on June 25.

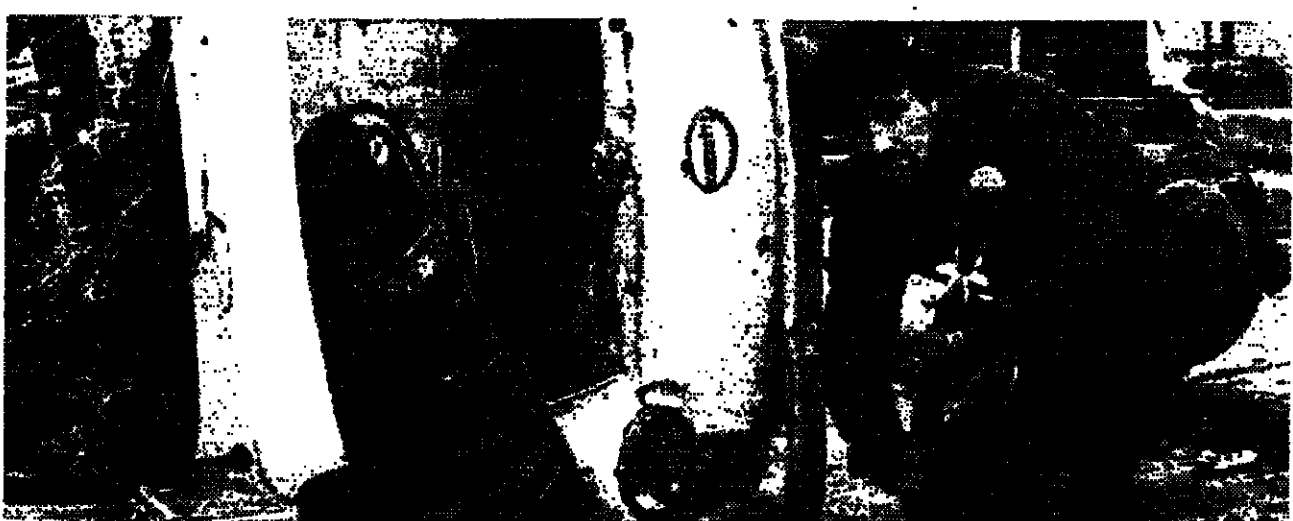
Since then, the army, through mass desertions from several republics, low morale and recruitment problems, has become a *de facto* Serbian-controlled army which has waged a war of total destruction on Croatia.

The war has already cost the Croatian government a year's equivalent of Gross Domestic Product, which last year totalled \$15bn. Thousands of refugees have fled to Austria, Hungary and Zagreb, leaving behind their bombed-out homes and a couple of pigs and cows.

In justifying its armed intervention in Croatia, the Serbian government argues that ethnic Serbs, who make up 11 per

Judy Dempsey says few Croats believe the ceasefire will hold

Between words and war



Firing line: A Serbian volunteer crouches near an overturned car to launch an armour-piercing rocket during fighting at Vukovar

cent of the 4.5m population, do not want to live in an independent Croatia because they will face discrimination.

But western diplomats, Croat and Serb liberal intellectuals believe Mr Milosevic is using the Serb community as a shield to cover his expansionist intentions. "What Mr Milosevic is seeking is a greater Serbia which will be economically viable but politically authoritarian," a Serbian lawyer said.

Mr Milosevic realises that

Serbia will become a pariah state if he attains his goal. He fears the EC will impose sanctions that will cut off oil supplies and spare parts to the army, as well as causing hardship to the Serbian people. To protect Serbia against this possibility he is feverishly trying to guarantee a secure economic future by holding on to the territories he has annexed.

With the support of nationalist Serb paramilitary units, Serbia and the federal army

already control the agricultural plains of Slavonia, a swathe of territory in southern Croatia, and part of the Dalmatian coast. In all, a third of the republic is now under some form of military occupation.

Thus, as negotiations over the federal army withdrawing from Croatia drag on, few Croats believe that Serbia will relinquish its control over regions it already holds.

"Serbia will recognise us as an independent state. But not

before it has attempted to destroy our fragile democracy, destroy our economic infrastructure, and annex part of our territory to Serbia. I tell you, we will fight to regain those territories," an adviser to Mr Franjo Tudjman, the president of Croatia, said yesterday.

Many ordinary Croats hold this view and believe that the war will not necessarily end once the federal army leaves the republic. Indeed, many believe it will spread to the

rest of Yugoslavia. As the fighting yesterday continued unabated in Slavonia, the federal army and Serb paramilitary units tightened their grip over the north and eastern part of the central republic of Bosnia-Herzegovina, to the south of Croatia.

"The north of that republic is now *de facto* part of Serbia," a senior Bosnian official said yesterday. From these positions, Serbia, backed by the small, but uncompromisingly loyal republic of Montenegro, is carving out the western borders of the greater Serbia.

"It is now clear what Serbia wants," one western military attaché explained. "Economically, it wants access to the sea, access to the oil pipeline which runs through part of Croatia, and access to the rich plains of Slavonia." Politically, Serbia also wants to become the dominant force in what will arise from the ashes of the old federal Yugoslavia.

"This new force, which will have one of the largest armies in Europe, will consist of Montenegrans, parts of Bosnia-Herzegovina, and part of Croatia's Dalmatian coast," the diplomat said. But, he added, "it will not be easy for Mr Milosevic and the army to hold on to these territories without more bloodshed and destruction."

A crucial role in the unfolding of events over the next few weeks will be played by the Muslim community, which makes up 40 per cent of the 4.5m population in Bosnia-Herzegovina. For months, the Muslims, led by Mr Alija Izetbegovic, the president of

Bosnia-Herzegovina, have tried to remain neutral for fear that the republic would be carved up between Serbia and Croatia.

However, as Serbs consolidate their hold over parts of the republic, members of the Croatian government are anxious that Mr Izetbegovic give the order to impose blockades on federal army barracks in parts of Bosnia-Herzegovina.

But Bosnian officials have so far been cautious of provoking Serbia, and one Muslim warned yesterday that the republic would be drenched in blood if it did.

"The Serb army and Mr Milosevic will only be defeated if the Muslims have weapons, and if Croatia receives more weapons as well," said one senior Croatian official.

"We must break the back of the Serb army, not through negotiation, but through fighting. This is the only language left to us. The west will do nothing. We, and other republics, must attack the Serb army on all fronts so that it will be overstretched. It has energy supplies for only three months. We must cut it off from spare parts, and oil," he added.

The uncompromising language of war now dominates the media and the conversations of ordinary people in Croatia and Serbia. The fear of bloodshed grips Bosnia.

As the days go by, the gap between the language of peace and negotiation promoted by Mr Van den Broek in The Hague, and the violence being waged on Yugoslavia, becomes wider. The bridge between both sides is cracking.

Uneasy monopolists

Deborah Hargreaves on the competition facing British Gas

There was more than a touch of irony in the spectacle of Mr Peter Lilley, UK trade and industry secretary, winning loud applause at this week's Conservative party conference for promising to break the monopoly power of British Gas.

The announcement that British Gas would face competition in its domestic business came only days after the publication of Mr Peter Walker's autobiography in which the former energy secretary championed his decision to privatise the huge utility in one piece.

In 1985, Mr Walker advocated retaining British Gas as a private monopoly against the advice of Mr Nigel Lawson, the then chancellor. "I had decided the breaking-up of the corporation was lunacy and... I wanted a powerful British company that would compete around the world."

Now the government has decided differently. In as little as a year's time competitors may be allowed to attack British Gas in its most lucrative business - the supply of gas to homeowners. This fits with the idea of more consumer choice as embodied in the prime minister's proposed Citizen's Charter.

By agreeing to such radical surgery on British Gas operations, the government has clearly lost patience with its painfully slow metamorphosis into a fleet-footed private operator. Its annoyance with Mr Bob Evans, BG's chairman, became clear several months ago when Mr John Wakeham, the energy secretary, pressed the company to resolve a price row with power station customers.

That disaffection was also evident this week when neither the Department of Trade and Industry nor the Office of Fair Trading (OFT) formally to the appearance of the OFT report on Thursday. The company was thus left in a state of shock when news of the OFT's recommendations emerged.

The sweeping changes advocated by the report hit Mr Evans like a slap in the face. He is now faced with making radical alterations in the way British Gas views the market or seeing the company's market share eroded.

"There is no doubt that British Gas will lose a share of its profits if these changes go through," says Mr James McKinnon, director-general of the Office of Gas Supply, the

industry regulator. "It needs to look for new businesses especially abroad and behave in a more entrepreneurial way towards opportunities in the UK."

Mr McKinnon has been a regular critic of what he calls the outdated British Gas corporate culture which still views the market from the standpoint of a monopoly supplier. He has recently lambasted the company over its resistance to supplying many of the growing number of independent power generating companies in the UK.

British Gas can make changes in its operations. If it does not do so by the end of the year it will be referred to the Monopolies and Mergers Commission which could force it to sell its pipeline operations.

If Mr Evans wants to pre-empt a £12bn sell-off of his pipeline and storage facilities - roughly two-

thirds of British Gas assets - he will be quick to live them out into a totally separate subsidiary. He will need to provide clear guarantees that the price BG charges for transporting gas through its system is the same for everyone.

While competitors are currently required to pay standard tariffs for the transport of gas through the British Gas system, the company itself does not reveal what it pays.

"Clearly a separate company means there is at least the potential for a level playing field on tariffs and access," said Mr Richard Newton, who heads British Petroleum's global gas division, one of BG's competitors. "Though British Gas struggles to do this now, it is almost an impossible task."

Control of the pipeline system also gives British Gas useful commercial information on the prices charged by its competitors which it

can use to undercut them. In addition, the report points out that it has twice pre-empted competitors' investment plans for new pipelines.

British Gas's dominant position in the market and the long lead times required to develop new gas fields have kept rival suppliers at the margins of the market. Eight competitors to British Gas now supply 553 large corporate customers with 350m therms of gas a year, giving them less than a 3 per cent share of the industrial market.

Mr McKinnon says he would like to see these competitors accounting for three quarters of this market by 1996 - 10 years after privatisation. By 1996, new gas fields will be available for competing suppliers and deliveries from Norway could provide more if the government goes ahead to sanction imports as the report recommends.

In the meantime, British Gas is

called upon to release more of its own supplies to competitors which would then return gas from their own fields in future, when these come on stream. The increased availability of gas will deepen existing competition and could entice more rivals into the market.

Midlands Electricity is so far the only regional electricity company to brave the gas market, but at least two others are considering a similar move. The electricity suppliers are natural rivals to British Gas, particularly once competition is extended to households.

"The margins on this (domestic) business are huge and you can save millions by joint billing procedures," said Mr Roger Gill, managing director of Midlands Gas.

In addition, clearer prices for transporting gas through the pipeline system and the availability of storage facilities for gas will enable independent gas marketing companies to operate in the market.

Mr Alan Marshall, managing director of Agas, one of the UK's few independent gas marketers, has complained that companies such as his have no access to gas storage, making it difficult to buy from small fields in the North Sea

and sell in bulk - precisely the function these companies should provide. "Now we should have the same services as are available to British Gas."

In the long run, competition should reduce prices to end-users. Mr Lilley sincerely hopes he is buying a better deal for domestic consumers. Deregulation of the US gas industry has brought a rapid fall in price, but to such an extent that few companies have any cash left to invest in a deteriorating distribution system.

"In any case, UK gas prices are not out of line with those in Europe," said Mr Peter Nicoll, analyst at Warburg Securities. "What are you trying to achieve by changing the structure of the industry for the sake of it?"

In the short term, prices for commercial users of gas could increase substantially as British Gas' own costs rise. The company will have to cease internal subsidies for transporting gas through its own system if the grid is lived off.

Mr Lilley could find that the benefits to customers are slow in coming. He may have won plaudits this week, but some consumers might not be quick to thank him.

LETTERS

The district valuer and inheritance tax

From Mr Stephen Reeves.

Sir, The FT published a chart (September 21) showing residential property values related to inflation, the last high being in 1989. My wife died suddenly of cancer in January 1989, (when 40 per cent inheritance tax level was reached at £110,000) and a flat valued by a surveyor at £115,000 passed to my two sons.

Imagine my astonishment and distress when I received an inheritance tax demand for £20,300 based on the district valuer's figure of £135,000, despite the recent sale of the property for £90,000, when it became vacant. The tax represents over 80 per cent of the sum above the tax band, made up of "grossing up" and compound interest. So much for 40 per cent inheritance tax!

I am a consulting engineer who spent his life working on community projects, paid tax on every penny earned, and now find my pension is to be depleted by (to me) a large amount, due to a quick in false inheritance tax law. Stephen Reeves, 15 Kempford Gardens, London SW5

Long-distance water supply a pipe dream?

From Mr Louis Dutoy.

Sir, I have just read, with outrage, the comment in your Lex column (October 9) that "water pipes leak so supply over great distances would be uneconomic".

Since the Romans could transfer water and the Industrial Revolution engineers could do the same without significant loss, and, moreover, in modern times we conduct oil vast distances without loss, what is the problem? It surely is not money. It must be stupidity.

I, for one, feel that I could do a much better job than the average water board director, managing or otherwise, at their old salaries, and would be only too glad of the opportunity to demonstrate how.

Louis Dutoy, 88 High Street, Wootton, Northampton

UK industry unprepared for economic upturn

From Mr John Evans.

Sir, As more surveys hit the headlines with glad tidings about the imminent end of the recession a question that needs to be answered is whether British industry will be capable of recovery, or has it sunk to such a level where its feet will be stuck in the mud for years to come?

As an industrial designer I deal with what is commonly agreed to be the life-blood of manufacturing industry, namely new products and product innovations. My experience over the last year and a half has been depressing. There seems to have been a very negative and short-term response to the current situation. Many companies, either because of lack of funds or, worse, have pulled in their horns to such an extent that they will be in no position to benefit from any upturn in the economy.

Recently I visited more than one significant British manufacturer that has laid off virtu-

ally the whole of its engineering department. Inevitably this will mean that it will not be launching any significant new products for at least two years. Overseas competitors will be using this time to introduce products to world markets, including Britain.

The whole issue centres on the short-term attitude taken by British manufacturers (and their shareholders). I know of several companies which will only invest in new products if the pay-back period is less than 12 months.

Is it possible to imagine a significant German or Japanese company laying off its engineering department or demanding a 12-month pay-back for its latest brainchild? A visit to any major trade show will demonstrate that it clearly is not. John Evans, John Evans Design, Park Royal Business Centre, 9-17 Park Royal Road, London NW10

Treating depositors equitably

From Mr Justin Barnard.

Sir, I was not surprised to read your article, "It's time to break Abbey's bad habit" (October 5), regarding Abbey National's failure to inform customers of the launch of new accounts earning higher rates of interest than those where their money has been previously deposited. I had exactly the same experience with the Alliance & Leicester.

I suggest that all deposit-holders should be bound to notify depositors of any change in interest rates as well as details of new alternative

accounts. Not only do such changes constitute a fundamental variation in the terms of the contract - the price - they should also be treated on a basis consistent with the notification to borrowers of changes in interest rates.

Quite apart from the question of treating customers equitably, this would enhance the speed of communication of information which is desirable within a free market economy. Justin Barnard, 4 Highgrove Court, Fordingham, Norfolk

Car dealers must try harder

From Ms Liz Rosenfeld.

Sir, We have been reading much about the drop in new car sales and little sign of improvement.

As a new car buyer (cash purchase within the month) I have had great difficulty in getting car dealers to respond to a request for a test drive. Two out of three dealers did not have the appropriate model for a test drive but promised to telephone back to arrange one.

More than a week later I am

still waiting. No wonder car sales are poor! No one is really trying to sell them - dealers must be expecting the cars to sell themselves.

I know of two other people who have had the same experience.

Do not waste time feeling sorry for those in the car industry - let them try a little harder.

Liz Rosenfeld, 15 Leicester Street, Leamington Spa

Reclamation goalposts moved again

From Mr A G Biggart.

Sir, It is ironic to read that Mr David Hunt, secretary of state for Wales, has signed a further 107 schemes to clear derelict land in Wales ("Boost for Welsh land reclamation", September 26), with the objective of clearing all derelict land by the year 2000. In the same week, Gwent County Planning Committee has approved a quarrying application which will allow open-cast workings in the Wye Valley up to the year 2011.

Past experience has shown that, in this unique and beautiful landscape, where once the quarrying companies have had their way anything that could reasonably be called restoration is technically impossible.

So Mr Hunt will never reach his goal: the goalposts are receding all the time. A G Biggart, The Admirals, St Briavels, Lydney, Gloucestershire

Points missed

From Mr Philip Mickelborough.

Sir, In making his case for abolishing the upper National Insurance limit ("Tax band on the run", October 5), Andrew Dilnot commits two sins of omission. The first is failing to discuss the arguments for amalgamating National Insurance contributions with income tax and thereby simplifying the system.

His second is when he argues in favour of increasing tax allowances rather than reducing the rate. As more families are taken out of the income tax net, more electors will be able to vote on issues like taxation and expenditure while remaining immune from the effects of that vote. This "no representation without taxation" objection was well aired in connection with domestic rates but it is equally valid nationally. Philip Mickelborough, 39 Kingsbury Street, Marlborough, Wiltshire

Fax service

LETTERS may be based on 071-673 5938. They should be clearly typed and not handwritten. Please fax machine for free reduction.

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On the Occasion of the 1991 IMF meeting

THE ECU BANKING ASSOCIATION and NIKKEI

are please to announce a public conference on

"THE ECU IN A CHANGING ENVIRONMENT"

The Ecu and the Economic and Monetary Union
The Ecu and the East European Countries
The New Developments of the Ecu Clearing System
The Enlargement of the European Community

To be held on MONDAY, OCTOBER 14, 1991 at 3.00 p.m.
with the participation of:

Mr. Jacques Attali, President, EBRD
Mr. Henning Christophersen, Vice President, EC Commission
Mr. V.V. Geraschenko, President, Gosbank
Mr. Jean-Yves Haberer, Chairman, Crédit Lyonnais
Mr. M.A.A. Orbananos, Vice Chairman, European Investment Bank
Mr. Gérard Pfauwadel, Chairman, MATIF
Mr. Knud Sørensen, Chairman & Chief Executive, Den Danske Bank
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INTERNATIONAL COMPANIES AND FINANCE

Citicorp agrees sale of Italian bank arm

By Alan Friedman in New York

BANCO Ambrosiano Veneto, the successor bank to Italy's failed Banco Ambrosiano, has agreed to pay L345bn (\$276m) to acquire 92.6 per cent of the 46-branch Italian bank subsidiary of Citicorp, the leading US bank.

The sale is part of Citicorp's efforts to raise funds in order to strengthen its capital base. The New York bank said yesterday the deal would have the effect of improving risk-adjusted capital by \$126m upon completion.

Citibank Italia, with headquarters in Naples, was acquired by Citicorp in 1985 for \$120m. It operates mainly in the south of Italy, and has deposits of \$2.2bn and assets of \$1.7bn.

Banco Ambrosiano Veneto is the largest Italian private-sector bank, with 436 branches.

In a separate move, Citibank said it was slashing the rate of interest it pays on interest-bearing current accounts, from 4 per cent to 2 per cent.

The bank said the cut was merely a response to lower interest rates, but other New York bankers were taken by surprise at the reduction, which they said was sharper than the fall in market rates.

Saudi American Bank up 35% to SR515m

SAUDI American Bank, the joint venture bank 40 per cent owned by Citicorp, announced that its net income had risen to SR515m (\$137.3m) in the nine months to the end of September, an increase of 35 per cent from the same period last year, writes Victor Mallet.

With the Saudi domestic banking sector recovering quickly from the shock of the Iraqi invasion of Kuwait, Samba's customer deposits rose by more than 33 per cent to SR26.5bn over the 12 months.

Samba's total assets were up 27 per cent to SR33.5bn, with loans and advances up 24 per cent.

Mr Mehdi Mistry, managing director, was happy that the bank's quarterly earnings had broken through the SR200m level for the first time. Growth in Samba's lending and investment since September 1990 was focused on Saudi Arabia, he said.

Operating revenues rose 26 per cent to SR903m, while operating expenses increased by 24 per cent.

Fiat to take 51% of privatised Polish motor company

FIAT, the Italian industrial group, yesterday agreed to go ahead with the purchase of a 51 per cent stake of its long-standing Polish associate, FSM (Fabryka Samochodow Malolitrazowych), in the first stage of the privatisation of Poland's automotive industry.

A letter of intent signed in Warsaw commits Fiat to invest \$800m in expanding production of the new Fiat 500 and introducing a new model.

This sum is in addition to the L800bn (\$631.4m) already spent on the 1992 launch from Poland of the Fiat 500 - the first western-designed car to be produced from scratch in eastern Europe.

Final details of the deal are expected to be completed at the end of the year.

The takeover of FSM is the latest privatisation so far in Poland. It underscores Fiat's strategic commitment to eastern Europe for car and compo-

nents manufacture as well as sales.

Meanwhile, the Polish government has announced that a final decision on the future of the Warsaw plant operated by FSO, Poland's other car maker, will be taken by October 22.

Citroen of France and General Motors have indicated that they want to establish a joint venture with FSO. Credit Suisse First Boston and Skadden Arps, the law firm, are advising the Polish government on both the FSM and FSO projects.

Fiat had hoped to obtain Polish government backing for a comprehensive plan to remodel the country's automotive industry, taking over FSM as well as FSO. After initial interest, the Polish government concluded the Fiat proposal would create a presence that was too monopolistic and potentially monopolistic.

Fiat said it accepted that the second Polish state car pro-

ducer would not be included in any future deal. Discussions are already going on between the Polish authorities and GM on the possibility of an assembly operation for between 30,000 and 50,000 cars a year.

The FSM letter of intent value of its assets, which would include existing investments on the 500 model used to upgrade the FSM plant at Biel-sko Biala in Silesia. The new investment commitment covers a six-year period.

The 500 or "Cinquecento" is

first nine months of this year have seen output and sales slump to around the 23,000 mark.

FSM has an annual production capacity of 160,000 units, and will rise to 240,000 units when production of the Cinquecento comes on stream.

The first nine months of this year have seen FSM and FSO produce 132,000 vehicles, while imports of new and used foreign cars in the first nine months amounted to 269,000 units.

Poland will pay for its share of investment costs at Biel-sko Biala through the sales of Fiat cars via the car maker's dealer network in western Europe. Of the initial annual production of 160,000, some 100,000 cars are expected to be exported to western Europe.

Fiat has a history of involvement in Poland dating back to 1921, when Polski Fiat was established. After the second world war, Fiat expanded its

due on the market next year. It will be the smallest car in the Fiat range - replacing the 126 which has been exclusively produced in Poland since 1981.

Total Polish car output in the first nine months of 1990 amounted to 187,000 units, and a further 106,000 vehicles were imported. Last year, FSO produced 81,800 vehicles, while the

with Fiat was signed by Mr Janusz Lewandowski, Poland's minister for privatisation, and Mr Paolo Canterella, Fiat Auto's chief executive. Apart from Fiat's 51 per cent, a 20 per cent share has been reserved for the FSM workforce.

One of the main issues to be decided is the size of the new company's capital and the

shares, once the merger of the two interests is approved by the UK Department of Trade and Industry and the European Community authorities.

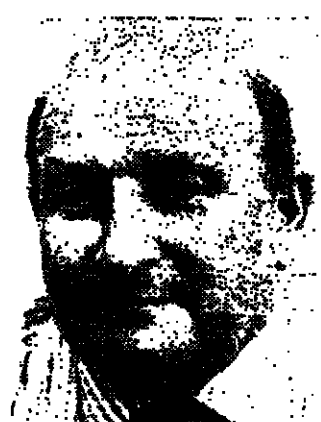
Via its Transatlantic Holdings subsidiary, Liberty also owns a 75 per cent stake in Capital & Counties, the UK property company.

Earnings and dividends have grown by more than 20 per cent a year over the last 25 years, and the company's capital base is considerable, according to Mr Derek Elias, analyst with Banque Paribas Capital Markets.

The issue will be underwritten by a syndicate of banks including Warburg, Paribas Capital Markets, UBS Phillips & Drew, and N.M. Rothschild.

It is to be priced between October 28 and November 4 at a 5 per cent discount to the prevailing market price of outstanding shares on the Johannesburg Stock Exchange, subject to a maximum price of 337.

Lex, Page 24



Donald Gordon: hopes to build up cash reserve

netted their holdings in Sun into a new shell vehicle, Rockledge Corporation, three weeks ago. Rockledge also bought an additional 4.5 per cent stake in Sun Life, increasing the joint holding to nearly 60 per cent.

The companies have agreed to make an £11.60-per-share offer for outstanding Sun Life

margin products," said W.J. Sanders, AMD chairman and chief executive.

After dividend payments, net income was 16 cents a share, slightly below the average of analysts' estimates. In last year's third quarter, AMD reported losses of \$17.8m before dividend payments, including a gain of \$16.1m from asset sales.

"Surging sales of AM-386 microprocessors and strong growth in networking products helped offset the impact of declining revenues from lower-

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Skopbank slides further with FM475m pre-tax loss

By Enrique Tessieri in Helsinki

SKOPBANK, Finland's fourth largest bank, reported a further deterioration in its financial performance in the first eight months of 1991. Losses before appropriations and taxes totalled FM475.6m (\$115.7m) compared with a loss of FM115.9m in the same period last year.

The Bank of Finland, the country's central bank, took indirect control of Skopbank four weeks ago and assumed responsibility for the troubled bank's domestic and foreign liabilities, as well as ensuring its solvency and liquidity.

In the first eight months, credit losses surged to FM344.1m from FM38.2m.

Mr Kari Jannari, Skopbank's newly-appointed chief general manager, said the present credit loss estimate of FM700m in 1991 may prove too

optimistic. The bank's financial performance would "weaken significantly" in the remaining months, he cautioned.

KONE, the Finnish lifts and cranes group, reported a drop in income before taxes and allocations in the first eight months of this year, to FM201.1m, compared with FM306.1m in the same period last year.

Kone said that price-cutting, the cost of adapting capacity to market demand, and capital costs incurred in acquisitions would have a negative impact on the group's 1991 results.

Consolidated sales rose by 17.3 per cent to FM5.59bn from FM4.77bn. Operating income, which fell to FM499.3m from FM505.9m, accounted for 8.9 per cent and 10.6 per cent of net sales respectively.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits US rate change

By Robert Thomson

in Tokyo

The dollar moved erratically

yesterday as the latest statis-

tics confirmed that the US

economy is moving very slowly

out of recession. But with no

sign from the Federal Reserve

Chairman that it plans an im-

mediate reduction in interest rates

the Japanese market was left to

ponder on the outlook for the

dollar. A 0.1 per cent increase in

the producer price index in Sep-

tember was lower than most econ-

omists' forecasts. Once the vola-

tility energy and food compo-

nents were stripped out, core

inflation only rose by 0.2 per

cent.

This small rise in core infla-

tion encouraged speculation

that the Federal Reserve will

soon ease monetary policy.

Federal Reserve governors

have recently stipulated that a

reduction in core inflation is a

condition for further cuts in

interest rates.

There were no immediate

signs that the Federal Reserve

intended to change its policy. In-

flation rose yesterday. In its

open market operations, the

FED bought \$100 million of

new Treasury bills.

Diamond Star, a leading

Japanese car maker, said it

would not raise prices in Sep-

tember 1991, as it had in Sep-

tember 1990. It said it was

concerned about the impact of

the new car model on sales.

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Fed drained liquidity. But the

key Federal Funds rate contin-

ued to trade at 5 1/2 per cent,

below the Fed's presumed tar-

get of 6 per cent.

The dollar initially moved

higher after the figures were

released amid talk that a major

Chicago-based investor was

actively buying the US cur-

rency. The dollar managed to

hold onto some of the gains

after the Fed left rates un-

changed.

The dollar had begun the

European day lower after a

busy session in the Asian mar-

kets where active selling of

D-Marks for yen drove the US

currency down.

The mark-yen cross rate is

playing an increasingly impor-

tant role in currency markets,

often acting as a leading indi-

cator for movements in the dol-

lar. The mark closed in London

at Y76.69 from Y76.94.

The mark's weakness

against the yen has been

caused partly by speculation

that the Group of Seven meet-

ing at their meeting in Bang-

kok will agree to revalue the

yen.

There has also been disap-

pointment that the Bundes-

bank has not taken a harder

line against inflation by tight-

ening monetary policy.

However, there are signs

that the Bundesbank may be

about to move to a more active

monetary policy. Mr Helmut

Schlesinger, president of the

Bundesbank, said in an inter-

view on Thursday that the cen-

tral bank is considering

smaller, but more frequent

changes in the Lombard rate.

The dollar closed lower at

DM1.6925 from DM1.6940, at

Y129.75 from Y130.35, and

unchanged at SFr1.4820, and

rose to SFr1.4830 from SFr1.4820.

Sterling was steady after the

Bank of England's intervention

earlier in the week. It closed

higher at DM2.9100 from

DM2.9050, at SFr2.5500 from

SFr2.5425, and at FF9.9225

from FF9.8975.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Central	Current	% Change	% Change	% Change
				from	from	from
				10.11	10.11	10.11
Spanish Peseta	133.131	133.131	-3.21	1.75	50	50
Belgian Franc	40.339	40.339	-0.55	4.50	30	30
Portuguese Escudo	200.484	200.484	-0.55	4.50	30	30
Italian Lira	1,376	1,376	-0.55	4.50	30	30
French Franc	6.5595	6.5595	-0.55	4.50	30	30

Unit rates for the European Currency Unit (ECU) are shown in the table. Percentages change are for the ECU against the national currencies. The percentage change from the previous day is shown in the last column. The percentage change from the previous month is shown in the second last column. The percentage change from the previous year is shown in the third last column.

STERLING INDEX

Oct 11	Day's change	1 Day	One month	3 m.	Three months	6 m.
US	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Canada	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Japan	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Germany	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
France	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Italy	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Spain	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
UK	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Sweden	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Norway	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Denmark	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Finland	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Portugal	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Greece	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Belgium	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Netherlands	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Austria	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Switzerland	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
Spain	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
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Canada	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13
US	1.1200	1.7345	1.7345	1.7320	0.16-0.16pm	2.13

Source: Reuters. Data as of 10:00 a.m. EDT, Oct. 11, 2001. All times are local. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. All rates are for 100 units of foreign currency per 1 US dollar. 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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) and Third Market stocks are not regulated by the International Stock Exchange of United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. † Bargains done the previous day.

British Funds, etc

No. of bargains included 54

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Corporate and Country

Stokers No. of bargains included 5

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

UK Public Bonds

No. of bargains included 2

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Foreign Stocks, Bonds, etc

No. of bargains included 103

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Banks and Discount Companies

No. of bargains included 1570

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Breweries and Distilleries

No. of bargains included 754

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Electricity

No. of bargains included 635

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Education

No. of bargains included 334

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Finance

No. of bargains included 113

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Insurance

No. of bargains included 103

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Miscellaneous Warrants

No. of bargains included 7

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

USM Appendix

No. of bargains included 254

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Rule 53(2)

No. of bargains included 5

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Shipping

No. of bargains included 334

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Water

No. of bargains included 502

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Waste

No. of bargains included 103

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Electricity

No. of bargains included 635

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Education

No. of bargains included 334

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Finance

No. of bargains included 113

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

APV PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

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Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

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Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

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Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

120% Gd Ln Ssk 2002/2007 - £115%

Guaranteed Equity Finance Corp PLC 100% Gd Ln Ssk 2002/2007 - £115%

AUTHORISED UNIT TRUSTS

[illegible][illegible]

11	3.02
12	5.80
15	0.48
16	5.28
17	1.82
17	6.28
21	2.53
21	0.32
	1.77

100	100
95	95
90	90
85	85
80	80
75	75
70	70
65	65
60	60
55	55
50	50
45	45
40	40
35	35
30	30
25	25
20	20
15	15
10	10
5	5
0	0

12	06
12	06
40	20
90	20
30	08
21	03
12	013
17	2
18	2
00	4
28	4
18	4
09	4
32	0
02	0
:	
200H	
04	20
2	5
17	4
34	3
33	1
33	2
27	9

002	2.13
001	1.30
00000	
58	1.05
17	2.67
1	2.83
02	4.57
01	4.52
04	3.17
13	1.68
30	0.20
05	0.37
	2.02
01	2.02
	10.9
32	2.07
08	1.88
05	5.48
07	5.44
06	5.31
05	5.31
14	1.60
13	1.60
05	1.02

25	22.1
31	3.70
11	1.27
31	0.57
51	1.60
231	1.80
NH	
88	61.00
88	3.59
88	3.59
88	2.35
88	2.95
88	2.95
88	2.54
88	2.54
88	3.57
88	2.95
88	2.95
88	5.64
88	5.64
88	1.10
88	1.10
88	2.16
88	2.16

18.00
11.00
1.00
1.50
1.55
2.53
2.53
MF
829.27
23.99
23.99
10.75
10.79
15.74
15.74
44.38
44.33
3H
337.24
13.98
13.98
15.93
15.93
15.94
15.94

1.02	-
1.02	-
1.58	-
1.58	-
2.40	-
F	-
5.1010	-
5.66	-
1010	-
1	-
2.76	-
001F	-
3000	-
13.33	-
001F	-
5377	-
1.12	-
5.76	-
10.72	-
1.73	-
10.00	-

10.02	0
11.16	0
10.85	0
11.54	0
(8)F	0
1250	0
	0
	0
	0
	0
2.97	0
	0
4.45	0
7.15	0
	0
	0
3.25	0
4.14	0
3.24	0
3.25	0
	0
	0
	0

[illegible]

Northwestern Life Ins. Co.	41.60	77.00	118.00	150.00	180.00	210.00	240.00	270.00	300.00	330.00	360.00	390.00	420.00	450.00	480.00	510.00	540.00	570.00	600.00	630.00	660.00	690.00	720.00	750.00	780.00	810.00	840.00	870.00	900.00	930.00	960.00	990.00	1020.00	1050.00	1080.00	1110.00	1140.00	1170.00	1200.00	1230.00	1260.00	1290.00	1320.00	1350.00	1380.00	1410.00	1440.00	1470.00	1500.00	1530.00	1560.00	1590.00	1620.00	1650.00	1680.00	1710.00	1740.00	1770.00	1800.00	1830.00	1860.00	1890.00	1920.00	1950.00	1980.00	2010.00	2040.00	2070.00	2100.00	2130.00	2160.00	2190.00	2220.00	2250.00	2280.00	2310.00	2340.00	2370.00	2400.00	2430.00	2460.00	2490.00	2520.00	2550.00	2580.00	2610.00	2640.00	2670.00	2700.00	2730.00	2760.00	2790.00	2820.00	2850.00	2880.00	2910.00	2940.00	2970.00	3000.00	3030.00	3060.00	3090.00	3120.00	3150.00	3180.00	3210.00	3240.00	3270.00	3300.00	3330.00	3360.00	3390.00	3420.00	3450.00	3480.00	3510.00	3540.00	3570.00	3600.00	3630.00	3660.00	3690.00	3720.00	3750.00	3780.00	3810.00	3840.00	3870.00	3900.00	3930.00	3960.00	3990.00	4020.00	4050.00	4080.00	4110.00	4140.00	4170.00	4200.00	4230.00	4260.00	4290.00	4320.00	4350.00	4380.00	4410.00	4440.00	4470.00	4500.00	4530.00	4560.00	4590.00	4620.00	4650.00	4680.00	4710.00	4740.00	4770.00	4800.00	4830.00	4860.00	4890.00	4920.00	4950.00	4980.00	5010.00	5040.00	5070.00	5100.00	5130.00	5160.00	5190.00	5220.00	5250.00	5280.00	5310.00	5340.00	5370.00	5400.00	5430.00	5460.00	5490.00	5520.00	5550.00	5580.00	5610.00	5640.00	5670.00	5700.00	5730.00	5760.00	5790.00	5820.00	5850.00	5880.00	5910.00	5940.00	5970.00	6000.00	6030.00	6060.00	6090.00	6120.00	6150.00	6180.00	6210.00	6240.00	6270.00	6300.00	6330.00	6360.00	6390.00	6420.00	6450.00	6480.00	6510.00	6540.00	6570.00	6600.00	6630.00	6660.00	6690.00	6720.00	6750.00	6780.00	6810.00	6840.00	6870.00	6900.00	6930.00	6960.00	6990.00	7020.00	7050.00	7080.00	7110.00	7140.00	7170.00	7200.00	7230.00	7260.00	7290.00	7320.00	7350.00	7380.00	7410.00	7440.00	7470.00	7500.00	7530.00	7560.00	7590.00	7620.00	7650.00	7680.00	7710.00	7740.00	7770.00	7800.00	7830.00	7860.00	7890.00	7920.00	7950.00	7980.00	8010.00	8040.00	8070.00	8100.00	8130.00	8160.00	8190.00	8220.00	8250.00	8280.00	8310.00	8340.00	8370.00	8400.00	8430.00	8460.00	8490.00	8520.00	8550.00	8580.00	8610.00	8640.00	8670.00	8700.00	8730.00	8760.00	8790.00	8820.00	8850.00	8880.00	8910.00	8940.00	8970.00	9000.00	9030.00	9060.00	9090.00	9120.00	9150.00	9180.00	9210.00	9240.00	9270.00	9300.00	9330.00	9360.00	9390.00	9420.00	9450.00	9480.00	9510.00
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● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

4 Acc; Pension Series C Acc Oct 20

● Current Unit Trust prices are available on FT Citynet. See page 10 and 360 off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Opportunity Europe	\$11.45	11.15		
Eastland	\$10.97	11.22		
Board Pkg	\$10.34	10.07		

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

[illegible][illegible]

COMMODITIES		
	12-28	% chg.
Oil	0.51	+0.04
Oil (heat)	0.75	+0.02
Gold	2.05	+0.03
Wheat	4.84	+0.01
12-28		
Oil	0.51	+0.02
Oil (heat)	0.90	+0.20
Gold	6.40	+0.18
Wheat	1.90	+0.05
Wheat (heat)	3.35	+0.05
Oil	1.30	-0.06
Oil (heat)	1.22	+0.03
Gold	3.65	+0.01
Wheat	0.99	-0.03
Wheat (heat)	1.55	+0.01
Oil	0.71	+0.01
Oil (heat)	1.55	+0.01
Gold	1.71	-0.01
Wheat	1.71	-0.01
Wheat (heat)	1.71	-0.01

[illegible]

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PROPERTY

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MINES—Contd.[illegible]

Oil & Gas	54
Coal Exploration	18
Switch Res Sp	16

Symbol	Price	Change	Volume	Open	High	Low	Close
Gold Mines	134	+	126				
Int'l Mining S	51 1/2	+	100				
Grain Wheat	5	0					
Wt. Min. 15-p	3	0					
Amcare	7	0					
Man Resources	14	0					
Equipe Equip, CSI	6 1/2	-	1				
W. West	1	0					
Gold Hides	126 1/2	-					
Am Gold 15 2p	11	+ 1/2					
Min. 10-p	18	0					
W. 15-p	352 1/2	-	19 1/2				
W. 10-p	18 1/2	0	19 1/2				
Grain Hides 5-p	77	0					
Un. & Pac. Reg	77	0					
Ang Group 10-p	11 1/2	0	18 1/2				

NOTES

Trading classifications are indicated to the right of the price.

1. A: Alpha refers to shares traded through SACS.

2. B: Beta refers to shares traded through SACS.

3. C: Gamma refers to shares traded through SACS.

4. D: Delta refers to shares traded through SACS.

5. E: Epsilon refers to shares traded through SACS.

6. F: Feta refers to shares traded through SACS.

7. G: Geta refers to shares traded through SACS.

8. H: Heta refers to shares traded through SACS.

9. I: Iota refers to shares traded through SACS.

10. J: Jeta refers to shares traded through SACS.

11. K: Keta refers to shares traded through SACS.

12. L: Leta refers to shares traded through SACS.

13. M: Meta refers to shares traded through SACS.

14. N: Neta refers to shares traded through SACS.

15. O: Oeta refers to shares traded through SACS.

16. P: Peta refers to shares traded through SACS.

17. Q: Qeta refers to shares traded through SACS.

18. R: Reta refers to shares traded through SACS.

19. S: Seta refers to shares traded through SACS.

20. T: Teta refers to shares traded through SACS.

21. U: Ueta refers to shares traded through SACS.

22. V: Veta refers to shares traded through SACS.

23. W: Weta refers to shares traded through SACS.

24. X: Xeta refers to shares traded through SACS.

25. Y: Yeta refers to shares traded through SACS.

26. Z: Zeta refers to shares traded through SACS.

27. AA: Alpha Alpha refers to shares traded through SACS.

28. AB: Alpha Beta refers to shares traded through SACS.

29. AC: Alpha Gamma refers to shares traded through SACS.

30. AD: Alpha Delta refers to shares traded through SACS.

31. AE: Alpha Epsilon refers to shares traded through SACS.

32. AF: Alpha Feta refers to shares traded through SACS.

33. AG: Alpha Geta refers to shares traded through SACS.

34. AH: Alpha Heta refers to shares traded through SACS.

35. AI: Alpha Iota refers to shares traded through SACS.

36. AJ: Alpha Jeta refers to shares traded through SACS.

37. AK: Alpha Keta refers to shares traded through SACS.

38. AL: Alpha Leta refers to shares traded through SACS.

39. AM: Alpha Meta refers to shares traded through SACS.

40. AN: Alpha Neta refers to shares traded through SACS.

41. AO: Alpha Oeta refers to shares traded through SACS.

42. AP: Alpha Peta refers to shares traded through SACS.

43. AQ: Alpha Qeta refers to shares traded through SACS.

44. AR: Alpha Reta refers to shares traded through SACS.

45. AS: Alpha Seta refers to shares traded through SACS.

46. AT: Alpha Teta refers to shares traded through SACS.

47. AU: Alpha Ueta refers to shares traded through SACS.

48. AV: Alpha Veta refers to shares traded through SACS.

49. AW: Alpha Weta refers to shares traded through SACS.

50. AX: Alpha Xeta refers to shares traded through SACS.

51. AY: Alpha Yeta refers to shares traded through SACS.

52. AZ: Alpha Zeta refers to shares traded through SACS.

53. BA: Beta Alpha refers to shares traded through SACS.

54. BB: Beta Beta refers to shares traded through SACS.

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same degree of regulation as

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dividend after pending scrip and/or rights issue
to previous dividend or forecast.
or reorganization in progress
stable;
/; reduced final and/or reduced earnings
dividend; cover based on earnings updated by latest
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for conversion of shares not now ranking for
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arnings, a Forecast, or estimate

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FINANCE & THE FAMILY

London Market

Footsie sounds a sombre chord

IN THE MARKETS, it was a week that came with its own ready-made theme music: low, throbbing, ominous. The stock market retreated in an orderly fashion, but the sombre chords in the background suggested that at some point this might turn into a rout.

As in a screenplay written by Harold Pinter, the menace was all too palpable: a currency that dropped to the bottom of the ERM pecking order for the first time in eight months; a governing party so lacking in self-confidence that its conference strategy boiled down to surviving the week; a billion pounds worth of collapsing rights issues; and an unexpected threat to the prospects for the UK's fifth-largest stock, British Gas.

Under the circumstances, the fact that the FT-SE index closed on Friday at 2555.0, only 69.6 down on the week, might be regarded as a triumph for the stiff-upper-lip school of money management.

Whether plegma is in as abundant supply in weeks to come remains to be seen, since none of this week's unpleasant developments are likely to go away soon.

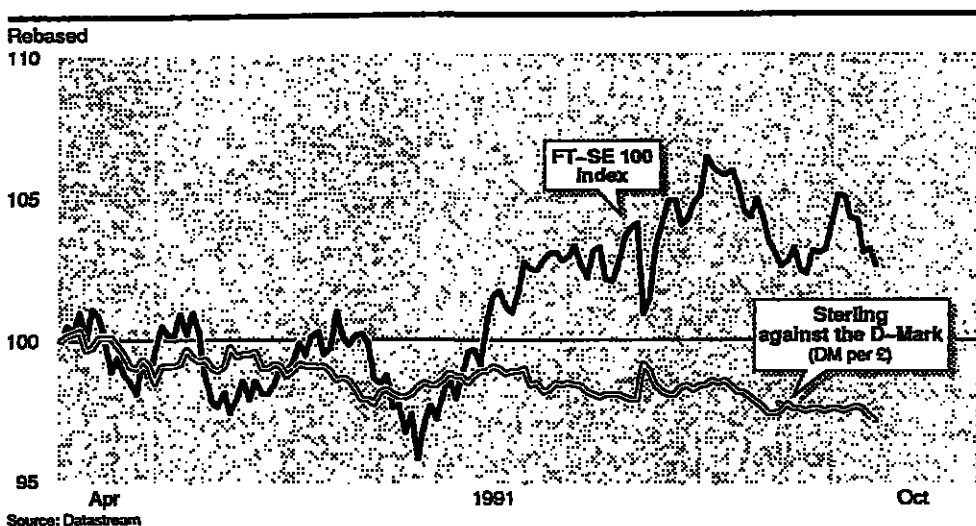
Sterling's weakness was partly a by-product of the political uncertainties, partly a result of the pound's peculiar relationship with the rest of the Exchange Rate Mechanism. Nominally, the pound is trading within 6 pence bands on

either side of its central rate of DM 2.93. In practice, the Bank of England seems to be keeping it within the 2½ pence bands used by almost all the other ERM currencies. It has never spelt out this policy, however, leaving a nagging worry: just how firm is the commitment to the narrow bands?

If sterling came under heavy selling pressure, would the Bank defend its target floors - DM 2.90 as an intermediate step, and DM 2.88 as the bottom of the 2½ pence band - to the death? Or would it allow the pound to drop all the way to DM 2.76, the bottom of the 6 pence range? Even if the Bank wanted to fight hard for DM 2.88, would Downing Street be prepared to raise interest rates to do so?

So far, the authorities (that convenient catch-all term that covers both the monetary technicians in Threadneedle Street and their political masters two miles further west) have not had to face this dilemma. But its potential presence, and the uncertainty over how it would be resolved ahead of a general election, leaves the currency market unsettled.

Sterling's weakness damaged any remaining hopes of a speedy cut in interest rates, despite Friday's announcement that inflation in September fell to 4.1 per cent. Over the next week, with finance ministers gathered in Bangkok for the World Bank and IMF meetings, there is likely to be more inter-



est rate gossip, centring in part on the likelihood of further US easing, in part on the chances of a rise in German rates. The first would help protect UK equities against contagion from concerns about an overvalued Wall Street; but the second would not help sterling.

With a more certain political background, none of this would be a serious worry. But the Conservative party conference created an impression of a government lacking the confidence so evident at the Labour party gathering the week before. Even its staunchest supporters in business can be heard to complain that the government does not take indus-

try seriously. Those inclined to that view might have thought their fears confirmed at the Conservative party conference. On Thursday, when Peter Lilley, the industry secretary, announced an end to British Gas's monopoly of supply to small users, the conference cheered. Yet the terms on which British Gas was floated, in November 1986, were set by a Conservative government; and the company's 17m shareholders presumably include a disproportionate number of Conservative voters.

British Gas shares dropped 4 per cent on the day, and another 6 per cent on Friday. They closed at 288½p, down 33½p on the week, and only 12 pence above their 1987 high. At least one leading broker, BZW, remains strongly bullish on British Gas shares - though yesterday it would not say why. Other bulls argue that one of the government's planned changes - the hiving off of British Gas's 280,000 miles of pipelines into a separate company - gives shareholders the chance to realise hidden value, as in Rascal's demerger of Vodafone.

To bears of the stock, that comparison seemed strained. Rascal and Vodafone were entirely separate businesses with separate revenue streams. British Gas and its pipelines are intimately intertwined; a rise in the pipelines' transmission prices translates into higher costs for the rest of the business.

Though an independent management might run the

pipelines more efficiently, the risk is that the profitability of the two parts of the business represents a zero sum game: what shareholders gain as owners of the new GasPipesCo, they would lose as owners of British Gas. With no hidden value to unlock, there would be no compensation for the downward pressure on profits caused by the new era of competition.

Privatised companies did not have a good week. British Steel saw any lingering hopes of German alliance dashed when Hoechst linked up with Krupp; British Telecom made heavy weather of finding partners for its Syncom global communications project; and British Aerospace remained in the doghouse over its £432m rights issue. Its shares closed the week at 371p, down 44p and 9p below the rights issue price.

Two other rights issue stocks are also in trouble. Asda closed the week at 40p, down 9p and 5p above its rights issue price. Hillsdown, at 26p, lost 9p on the week; the shares are now 5p below the rights issue price. That comes to a total of £1.07m pounds worth of rights issue shares that could be left with the underwriters.

There is a risk of a vicious circle here: the more worries about rights issues depress the market, the more certain the issues are to flop. As the City headed home through a grey, rainy Friday evening, you could almost hear the sound of a thousand sobbing strings.

Peter Martin

Serious Money

PEPs: why you have to wait for a pay-off

By Philip Coggan, Personal Finance Editor

WHAT A pity that you can take out only one Personal Equity Plan a year. Now that some of the leading fund management groups are marketing their 1991-92 PEPs, the choice becomes all the harder.

You have probably already received your application form for M&G's new investment trust. This week there are two further offers, from Fidelity and Foreign & Colonial.

Like M&G, Fidelity is launching an investment trust, even though it is best known for unit trust management. The new trust, Fidelity European Values, will follow a similar investment strategy to its existing European unit trust.

M&G and Fidelity have chosen the investment trust route because it allows investors to put the maximum £5,000 into a PEP, rather than the £3,000 which can usually be placed in a collective fund.

But it is open to question whether investing in Fidelity's trust, via a PEP, is very sensible. For most people, the biggest advantage of a PEP is exemption from income tax. But Fidelity European Values pays only a nominal dividend.

Fidelity's argument is that many people will already have placed the maximum allowance each year in PEPs and will thus have accumulated a large exposure to UK equities. This trust, Fidelity contends, offers the perfect chance for diversification.

But while that may be true for those who regularly pay capital gains tax, most people do not use up their CGT allowance. Someone who held the Fidelity PEP as their main investment would need to wait a long time to receive a tax benefit.

Let us assume, generously, that the trust's shares grow at 13 per cent per annum, while inflation runs at 5 per cent. For your £5,000 investment to grow sufficiently to use up the current £5,500 capital gains tax exemption, you would have to wait six years. But it would be a total of seven years before your tax saving outweighed the extra fees

imposed on the PEP. And that does not allow for any increase in the capital gains tax allowance, likely under a re-elected Conservative government (although Labour would cut it).

That is not to say that it might not be worthwhile to buy shares in the trust outside a PEP, either through the offer or later via a savings scheme.

For UK investors, the purchase of shares in Europe looks increasingly sensible now that pound is a member of the Exchange Rate Mechanism and Britain's ties with the continent grow closer.

Anthony Bolton, the manager of the trust, cites recent

group allows investors to place just £1,500 in one of the eight trusts run by the group, with the rest going into a blue chip portfolio of five UK shares.

This is far from ideal, since it does not provide the diversification that would come from putting the full £5,000 in an investment trust. The companies chosen are certainly large enough - BT, BTR, BAT, Lloyds Bank and Shell - but had news that just one of them would have a big effect on the overall value of the PEP.

There is an interesting charging structure for the PEP. Both the initial charge - £50 plus VAT - and the annual charge - 25 pence plus VAT - are flat fees. This creates an incentive to put the maximum £5,000 into the PEP, reducing the initial charge to under 1 per cent, and the annual charge to 1.3 per cent.

This compares favourably with the M&G offer, where the initial charge is more than 5 per cent, and there is an additional 0.25 per cent annual charge for PEP holders, on top of the normal management fee of 0.75 per cent.

The M&G trust, however, offers greater tax advantages since its yield is 6.55 per cent, compared with a likely 4.4 per cent on the F&C PEP. On the assumption of 5 per cent annual dividend growth from each trust, it would take around 3 years for the higher rate taxpayer to earn a tax benefit from M&G sufficient to compensate him for the excess in charges over the F&C PEP.

That is not too long to wait, given the more diversified, and secure, nature of the trust's method of borrowing money means that it will need to outperform the FT-A European (ex-UK) index.

The long-term performance of the Foreign & Colonial Investment Trust is such that a PEP based on the trust might seem an ideal purchase. Unfortunately the PEP rules, for reasons only the government seems to understand, place a £1,500 limit on the amount that can be invested in a worldwide trust such as F&C. So the new PEP from the

Those who do not use their CGT allowance would need to wait a long time to receive a tax benefit

underperformance, excessive gloom about the costs of German reunification and the revival of Eastern Europe, plus structural benefits leading from the European single market, as reasons for buying European shares.

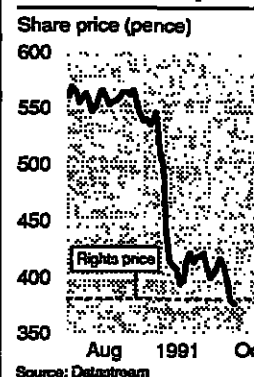
Bolton's stock-picking, value-oriented approach has placed his European unit trust top of the sector over five years, but it has done very badly over the last two. An investor buying the trust would be gambling on a revival of Bolton's skills. He is confident enough; the trust's method of borrowing money means that it will need to outperform the FT-A European (ex-UK) index.

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HIGHLIGHTS OF THE WEEK					
	Price	Change	1991	1991	
	y/day	on week	High	Low	
FT-SE 100 Index	2555.0	-69.6	2579.6	2054.8	Sterling/political nervousness
Alan Paul	38	-40	142	32	Profits warning
Atwoods	174	-20	260	155	Rights issue fears
BICC	378	-37	475	325	County "sell" note
Briannic Asance	905	-46	981	589	Broker "sell" recommendations
British Aerospace	371½	-34	553½	355	Fears rights issue will flop
British Gas	288½	-33½	294½	216	OFT recommendations on competition
Glaxo	1387	-34	1436	800	Broker downgrades asthma drug debate
Invergordon	276	+19	278	136	Higher bid from Wyle & Mackay
Kleinwort, Benson	323	-22	377	249	Brit Aerospace rights flop fears
ML Laboratories	697	+148	697	218	Broker recommend'n in this market
Seven Trent	335	-28	370	300	Opinion poll factors
TSB	134½	-12½	165	124	Share stake restriction lifted
Taylor Woodrow	164	-25	289	159	No interest rate cut/Eurotunnel delay
Ultramar	270	+16	358	233	Analysts visit/takeover speculation

AT A GLANCE

British Aerospace



BAe shares slip below rights price

The prospects for British Aerospace's rights issue were further dented this week when the market price fell below the 380p rights price. By the end of the week the shares had dropped to 371½p, if that level persists, a large percentage of the issue will end up in the hands of the underwriter. Institutional investors are understood to be demanding further management changes.

Double blow for Ratners

Shares in Ratners have been falling faster than prices in a January sale in recent weeks as traders have worried about the group's status following a £17m first half loss. Following a rating downgrade last week by Moody's, this week's bad news was a sudden jump in the rate that the company pays on its variable term preferred shares in the US. The increase will cost Ratners around \$2m a year.

House prices still falling

House prices fell for the third month in succession in September and there is little sign of an early recovery, according to the Halifax Building Society last week. The Halifax house-price index showed a fall of 0.8 per cent in September, compared with falls of 0.9 per cent in July and 0.5 per cent in August.

The Halifax said continuing low demand for homes was holding down house prices across the UK and there might be a small annual decline in prices by the end of the year. The year-on-year rate of house price inflation in the UK was minus 2.5 per cent in the 12 months ending in September, compared with minus 1.1 per cent in July and August. The society said prices paid by first-time buyers rose slightly in September and were 1.4 per cent higher than a year ago.

Smaller companies feel the pinch

Smaller company profits have been hit hard by the recession. Hoare Govett has analysed the 304 smaller companies to report results since August 24; the average pre-tax profits have fallen by 30 per cent. Meanwhile, the Hoare Govett Smaller Companies Index (capital gains version) fell 0.9 per cent to 1299.47 in the week to October 10; the County index dropped 0.8 per cent to 1016.81 over the same period.

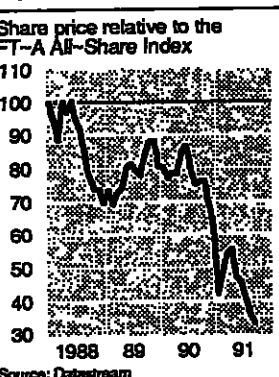
NatWest card charge deadline

National Westminster's 4.5m credit card holders should remember that a £12 charge will be coming into force on October 15. Customers who do not wish to incur the fee should return their cut-up cards by that date. NatWest, the last of the Big Four to introduce card charges, estimates it will lose about 10 per cent of its credit card customers as a result of the move.

Leeds sweetens mortgage pill

The Leeds Permanent Building Society is offering a one-year fixed rate mortgage of 8.95 per cent for first-time buyers only, available on repayment, endowment, PEP and other mortgages. There are no early redemption penalties but there is an arrangement fee of £50. Leeds also has a one-year fixed rate mortgage of 10.45 per cent on loans above £80,000 for other home buyers. The arrangement fee is £100.

Ratners



THE tug-of-war between stock market optimists and pessimists continued this week with a lot of back-straining, teeth-clenching, huff-puffing effort but little to show for it at the end.

On Monday the pessimists - who foresee a sustained sell-off by investors unsettled by a weak economy, poor corporate earnings and overpriced equities - had the upper hand. The next day the optimists - who expect the economy, and corporate profits, to pick up in the last quarter of the year in the wake of fresh interest rate cuts - recovered their footing, only to lose it again a day later.

On Thursday the momentum swung back in favour of the optimists, although by midday Friday the balance of power had reached an uneasy equilibrium. For all their efforts, in four-and-a-half days the Dow index moved less than half of a percentage point.

An indecisive market is nothing new, but the Dow's failure to break out of a narrow trading range in the past six weeks has frustrated investors. Yet for the time being there seems to be little way

out of the current impasse.

Even if the Federal Reserve does ease monetary policy soon, the benefits for the economy and corporate profitability - which will take months to show through - have already been discounted in equity prices. The Fed's reluctance to move in the wake of last Friday's weak September employment data suggests the argument for a more relaxed monetary stance has not wholly triumphed in Washington, although yesterday's retail sales and inflation numbers should have pushed the Fed's policy managers an inch nearer to another ease.

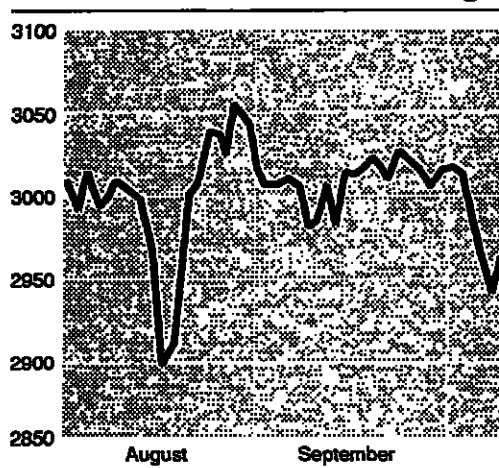
The headline retail sales figure, a 0.7 per cent rise in September, may have looked strong, but strip car sales out of the calculations and sales rose just 0.1 per cent last month. As for producer prices, they were all but static in September. The inflation and retail sales numbers together provided yet more evidence that the economic engine is barely ticking over.

In an effort to improve the flow of fuel to the engine President Bush announced measures this week to spur

Wall Street

Battle of wills ends in impasse

Dow Jones Industrial Average



bank lending and ease the credit crunch. Of the changes, the most important was the easing of limits on the amount of preferred stock banks can sell to raise capital. Steps were also taken to help regulators take a more balanced view on troubled bank loans.

Whether the measures will have much of an impact on banks' ability or willingness to lend to businesses remains

to be seen. They at least showed that the Bush administration, which has been meaning about the credit crunch all year, is willing to back its words with action.

At least one US bank seems in no need of help from outside. JP Morgan unveiled third quarter profits of \$373m on Thursday. The blue-blooded Morgan, however, is unlike any other bank, so the Chi-

corps and Chase Manhattan can draw little comfort from the impressive figures. A one-off \$32m gain from the early retirement of debt put the icing on JP Morgan's cake, but the main ingredients for a record quarter was strong growth in securities trading and interest revenues.

More typical of the current reporting season was Westinghouse Electric's announcement on Monday of a \$1.68bn charge to cover credit problems at its financial services unit. The charge, which will mostly cover doubtful real estate investments, left Westinghouse with a large July-to-September loss. Plans to raise \$500m in new equity, shed 4,000 jobs and possibly sell non-essential assets were also unveiled. By the end of the week Westinghouse shares had lost more than 17 per cent of their value.

Another big industrial group struggling with the repercussions of the recession is Allied Signal. The manufacturer of aerospace, automotive parts and engineered materials announced drastic steps to achieve a positive cash flow next year and improve its long-

ger term prospects. They included a big dividend reduction, the elimination of 5,000 jobs and cuts in capital spending. To finance the restructuring \$880m will be written off in the third quarter. The market responded more kindly to that than did Westinghouse's, the former's stock gaining good ground on the week.

Investors keen to put their money into a company listed on the New York market that has a future as bright as its immediate past needed to look south to Mexico. The ADSs of Telefonos de Mexico, the recently privatised telecommunications monopoly, were in heavy demand on Wednesday after the company backed analysts' estimates of strong full-year 1991 earnings. Telefonos' ADSs made their Wall Street debut in May at \$27½ and by yesterday they were trading comfortably at \$49½.

Monday	2943.75	- 19.01
Tuesday	2963.77	+ 21.02
Wednesday	2946.33	- 17.44
Thursday	2976.03	+ 30.19

Patrick Harriverson

City takes a kind view of Caradon package

MB-Caradon's £149m rights issue this week was a test of the City's confidence in the building products, packaging and printing group. The group launched a one-for-six call at 205p, encouraged by the shares' 22 per cent out-performance this year and spurred by the desire to reduce gearing of 72 per cent.

Judging by the resilience of the share price in the past week, the stock market has not dismissed the cash call as opportunistic. But it has intensified City questions, which the management cannot dodge for long, about why the group persists in holding its stake in CMB, Europe's largest packaging company.

The interim results last week made a good claim that the cash is genuinely needed for organic growth, and was not an opportunistic grab. The company managed to show pre-tax profits of £47.2m, a 12 per cent fall despite a fall in turnover to £335.5m (£353.9m).

Peter Jansen, chief execu-

tive, said the strength of UK brands, including Everest double glazing and Teyford bathrooms, had helped support prices. However, to limit the damage from the recession, the group had cut back on capital spending, he said.

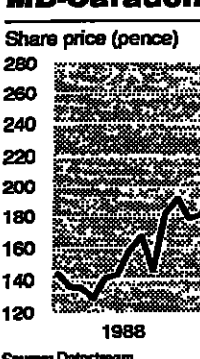
Last year the group invested £33m on all its businesses, but analysts expect that to drop to £26m in 1991. As investment in refrigerator plant is consuming £37m between 1990 and 1992, spending on other areas has been even more constrained than the total investment numbers suggest, said Jansen.

The rights issue will net debt from £223m to £79m and pull gearing down to 17 per cent of the strengthened balance sheet, giving the group some room to move.

What will it do with the cash? It knows that it will have to expand working capital, particularly stocks, when an economic upturn comes, although Jansen admits that there is only anecdotal evidence that one is starting.

The company has also spotted "relatively modest" acqui-

MB-Caradon



sition opportunities, including some within its building products competitors who have fared less well in the recession. City analysts expect in-fill deals in building and bathroom products on the continent, although the group's position in the UK is so strong that further expansion there is considered more difficult.

But a sale of the US cheque printing business seems more likely than expansion of this

business, as the division does not fit clearly within the group's strategy. It is a tribute to the management's reputation for successful acquisitions that these reasons for the rights issue have been well accepted in the City.

But some have asked why, if the group needed cash that badly, it could not have sold its 25 per cent stake in CMB Packaging, Europe's largest packaging group.

CMB was created in 1989 by the merger of the packaging interests of Metal Box and the French group Caradon. The rump of MB then acquired Caradon. The stake, listed on the UK and French exchanges, is valued at around £300m. Although it contributed £31.8m to MB-Caradon's pre-tax profits of £101.7m, it contributes only around £7m a year in dividends.

The 14 per cent fall in CMB's pre-1991 last year stimulated speculation about a sale, as did the well-publicised clash within the management.

The MB-Caradon management will not comment on the future of the stake, and a month after an extensive management reorganisation at CMB, with the benefits yet to come through, just now might not be the time to get the maximum value.

The speculation adds excitement to a good if undramatic outlook for the shares.

The spirit of outperformance in the first half of the year came as the City realised it

was looking at a suddenly-rare animal: a building products company with rising profits.

Although UK recovery looks further away, and the building sector is hardly going to lead the way, at 22p the shares do not look too expensive.

Michael Murphy at Warburg Securities calculates the rights issue will add £2.5m to pre-tax profit for the full year, taking his new estimate to £103m, and that it will leave earnings unchanged at 15.4p.

Next year, he estimates the interest on the rights issue cash will take pre-tax profits to £140m, compared to his previous estimate of £126m; but that the extra shares in issue will pull earnings back to 16.4p from 12.7p.

The p/e ratio of 14.8 on 1991 earnings and 12.4 on 1992 is close to the market average, and clearly assumes some recovery is on the way, but still leaves room for improvement as investment feeds through to profits in the next two years.

Brown-Maddox

FINANCE & THE FAMILY

Health insurance: a panacea for all ills?

POLITICIANS OF all persuasions have ensured that we have all given a lot of thought to the National Health Service this week.

Those deserting the NHS should ask themselves how safe they are in health insurers' hands. The marketing of health-related insurance products has surged lately, for reasons which might be linked to worries aroused by the political controversy.

Other factors are also in play. People are more conscious of their health than ever. Cancer, in particular, seems almost to have replaced the Bomb as the lurking fear at the back of all our minds - roughly one in three people will contract some form of cancer during their lifetime, and a Gallup survey for London Life found that 47 per cent of people fear cancer more than any other illness. Heart disease is not far behind.

Modern medicine makes it possible to postpone death for much longer. This in turn makes life insurance less important, while insuring against the effects of ill health becomes a priority. Insurers say you are ten times more likely to be off work through serious illness than to die before the age of 65.

Meanwhile, demographics ensure that there will soon be more elderly people, many requiring long-term residential care.

A new range of products is still evolving, confusing both advisers and possible customers. The larger surrounding field does not help, and there are several distinct products on the market.

Private Medical Insurance will pay for any private medical treatment you need - even if it is only an operation on an old growing toe-nail - up to a certain limit. It is the most common form of health insurance.

It replaces your income for any time you have to spend off work because of ill health.

Dread Disease Insurance, also known as "critical illness insurance", pays a lump sum in the event that you are struck by a life-threatening disease. There are no strings on how you spend the money, but the range of diseases covered is limited - cancers, heart attacks and strokes are the most widely covered.

Long Term Care Insurance insures against the chance that you will need to go into residential care towards the end of your life. Only a few products have been launched, and most will take an active role in organising care at specific homes.

Opinions vary as to how all these policies fit together. Peter Kelly, of Allied Dunbar, which offers PHI, PMI and dread disease, considers them complementary. Dread disease helps you spend a lot of money on ending your life in happiness and with dignity but is cumbersome, while PHI protects you against several other complaints which could also ruin your career. For example, you would need PHI to compensate you if you had a nervous breakdown.

The underwriting criteria for the two are similar, according to Lester Young of Abbey Life - as a broad rule of thumb if you are eligible for one, you will be eligible for the other.

Others see the two as alternatives, and lean heavily on one side or another. For example, Peter Hargreaves, of Hargreaves Lansdown, dismisses critical illness cover as a "gimmick" and recommends PHI, because it offers compensation after many more conditions and diseases.

However, Dr Marius Barnard, brother of Christian Barnard and also a heart surgeon, suggests that critical illness policies are far superior.



because claims assessment for PHI is contentious.

Certainly, if the worst does come to the worst, "dread disease" - as it was named when the concept was launched in South Africa - could be a godsend. It allows you to maintain financial independence at a time when everything else has gone wrong.

However, reading the small print is vital. Many dread disease policies in the UK (although not that of Abbey Life as previously incorrectly

stated in these pages) will not cover heart bypass operations if grafts have been made to only one artery, not two, for example. Barnard describes these policies as "immoral".

If you want to avoid the horror of undergoing heart surgery and emerging with your career finished only to find that the policy does not pay out, it is best to go for a company with an inclusive definition such as Pegasus or ProLife.

Several companies, including big players such as Abbey Life

and Laurentian, believe that the industry must standardise the precise illnesses it covers to prevent further confusion.

Dread disease policies are life assurance policies and are taxed in the same way. If you already have adequate life cover it is best to go for "stand-alone" policies which only pay a lump sum on death. This points to Pegasus, Abbey Life and Allied Dunbar.

While PHI and critical illness are both forms of protection, PHI fits in to planning more as

a luxury. If you have a heart attack or a stroke, you are best advised to use the NHS, and the odds are that you will be treated very quickly. PMI gives you greater control and choice over more minor conditions.

Many recent innovations have been very clever - such as PPP's Personal Equity Plan to pay for premiums - but remember: the most important information is in the smallest print.

John Authers

Permanent health insurance

THE most undersold insurance product in the UK is Permanent Health Insurance (PHI), concludes a survey by RAS Research for Laurentian Financial Group on public perceptions of health insurance. It contrasts attitudes to PHI, private medical insurance, critical illness policies, and long-term care.

After surveying 1,042 adults, Laurentian found that 49 per cent rated PHI as the most important, with private medical insurance next (26 per cent). However, only 3.4m people in the UK hold PHI policies, compared with 6.8m with private medical insurance.

John Howard, of Laurentian, said the survey was an indictment of the industry.

Part of the problem, no doubt, is the name. "Permanent health insurance" sounds as if it insures you against being permanently healthy; perhaps you would not guess that it replaces income when you are ill. Laurentian has tried to combat the problem by calling its own product Income Security, and this is beginning to catch on.

Failure to sell PHI is all the more startling, Howard says, because the Financial Services Act actually increased the amount of commission that could be paid to intermediaries.

Peter Hargreaves, of Hargreaves Lansdown, rates PHI as a key element of a financial plan, particularly for people embarking on home ownership and raising families. He even gives it precedence over a pension plan. This is because other plans and policies tend to lapse once a regular source of income has dried up. Thus, Hargreaves suggests it makes sense to take out PHI to cover you until your youngest child

is reaching independence, and then work hard to catch up on pension contributions.

The industry standard is to pay a maximum of 75 per cent of current income. If someone has taken out cover for more than this, only the 75 per cent will be paid out. Lester Young of Abbey Life says this creates a direct incentive not to over-insure.

Insurers will not pay more than 75 per cent of the otherwise available salary as it could encourage people not to return to work. Also, pay-outs are often tapered so that you would be paid, for example, 75 per cent of the first £45,000 of your salary, 50 per cent of the next £15,000, and 25 per cent of anything above this. These terms vary: it is worth shopping around.

Hargreaves recommends Permanent Insurance, which specialises in PHI, primarily for members of the professions. Such insurance is particularly important for members of small partnerships, for example, where sick pay may soon run out.

Precise terms will vary between companies, but the following quotation from Permanent, to cover a 35-year-old until the age of 60, for an index-linked weekly income of £200 should be indicative. If the person's occupation can be described as "professional, clerical and administrative", then a monthly premium of £24.32 will be payable. If the insurance is to start paying after only four weeks of being ill. This is most appropriate for self-employed people. However, if you would not need replacement income until you had been off work for 13 weeks, the premium would be only £16.97.

J.A.

Private health insurance

WHEN MY parents reached 60, one retired and the other slipped a disc. It is unfortunate that just as you are freed from the shackles of work and children, your body may begin to let you down. Forget a celebratory holiday and new golf club; private health insurance should be a priority.

... Trouble is, such insurance is costly, and existing or previous health problems will probably be excluded if you take out a new scheme. It is essential to shop around before you retire - and to read the small print.

However, one attraction of private health insurance if you or your spouse are over 60 is that you qualify for tax relief on the premiums, providing you choose a scheme approved of by the Inland Revenue.

Basic rate tax relief is given to the premium payer - even to people who do not pay tax - through a reduction in premiums. You will have to supply the insurance company with details and they will claim tax relief for you. Higher rate taxpayers can claim back the additional relief through their tax office. Tax relief schemes do not cover your children or alternative medicines.

There is no shortage of schemes to choose from. The first thing to decide is how much cover you can afford. Lowest cost premiums tend to be for six-week waiting schemes, such as PPP's Retirement Health Scheme and MGI's new six-week scheme. Under these, you can be treated privately if you cannot

be treated within six weeks at an NHS hospital. Initially, you will have to see a specialist through the NHS.

At the top end of the scale you can enjoy unlimited cover, including treatment as an outpatient, medical care overseas, and repatriation with little restriction on which hospitals you can use.

It is better to be over rather than under-insured. Cover of £10,000 a year may seem ample, but it will not go far if you have a serious operation and then chemotherapy. The cost of repairing a slipped disc can vary from £3,015 to £5,925, while a hip replacement could add up to £8,510, according to Norwich Union.

Many schemes only offer limited out-patient treatment - say up to £500 a year - while others exclude it completely. Few cover extensive home nursing. Long-term illnesses such as multiple sclerosis are often excluded. You should also check whether the insurance company will only allow treatment at the hospitals on a list. Some lists exclude the majority of London teaching hospitals; others may look fine for the time being, but what if you move? And not all private hospitals have the emergency back-up provided by big NHS hospitals.

Another thing to consider is the extent to which premiums will rise as you get older. BCWA's single members' premiums rise by 40 per cent when members reach 65, and by a further 30 per cent at 70.

Most companies raise rates gradually each year. Premiums may be affected by where you live - MGI's Prime Health is good value for people living outside London but less so for those living within the 071 telephone code area.

Any condition which existed during the five years before your policy commences, and even check-ups you undertake to monitor this condition, will usually be excluded, unless you remain symptom-free for a set period - usually two years - after joining the scheme. However, most schemes will cover illnesses whose symptoms appear after you have joined the scheme, even if the condition must have been present before you joined.

If you have an existing condition which all the insurance companies you approach refuse to cover, or you feel that you would rather pay for any treatment you need if and when the time comes, you might consider WPA and Mondial Assistance's Epidaurus scheme.

Uninsured patients considering paying privately for an operation are offered three quotes: one for a hospital near home; one for another UK hospital; and another for continental travel. The cost is guaranteed for 28 days. If an overseas hospital is chosen, travel arrangements are made by Mondial Assistance and are included in the quotation.

Heather Farmbrough

THE BEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/Cs and BONDS (Gross)					
Southdown BS	SuperSaver	0273 471671	Instant	£1 10.25%	Y/y
Bradford & Bingley BS	Direct Premium	0345 247427	Instant	£1,000 11.50%	Y/y
Britannia BS	Capital Trust	0800 836283	Instant	£2,000 12.15%	Y/y
Northern Rock BS	Reliance	091 285 7191	60 Day	£25,000 11.51%	M/y
Lancaster BS	Lancasterian Bond	061 843 1021	31.8.92	£25,000 12.25%	OM
Cheslee BS	2 yr Option Bond	0800 272505	2 Year	£5,000 12.20%	Y/y
Alliance & Leicester BS	Special Return	0533 717272	2 Year	£10,000 12.25%	Y/y
TESSAs (Tax Free)					
West Bromwich BS		021 625 7070	5 Year	£150 13.25%	Y/y
Allied Trust BS		071 626 0879	5 Year	£9,000 13.24%	Y/y
National Counties BS		0372 742211	5 Year	£3,000 13.10%	Y/y
Lambeth BS		071 928 1331	5 Year	£2,000 13.05%	Y/y
Darlington BS		0825 467171	5 Year	£1 12.90%	Y/y
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 556 8235	Instant	£1 10.00%	Y/y
UDT	Capital Plus	0734 560 411	Instant	£1,000 10.70%	Y/y
Cheslee BS	Classic Postel	0242 521391	Instant	£25,000 11.20%	Y/y
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000 10.71%	M/y
OFFSHORE ACCOUNTS (Gross)					
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000 10.70%	Y/y
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000 11.50%	Y/y
Alliance & Leicester (ION)	Manximum 90 Day	0624 883568	90 Day	£25,000 11.00%	Y/y
Yorkshire BS Guernsey	Key Extra	0481 719888	180 Day	£50,000 11.95%	Y/y
Bradford & Bingley Ltd	Max Ind Bond III	0624 862883	1 Year	£25,000 11.79%	Y/y
GUARANTEED INCOME BONDS (Net)					
Hambro Guardian FN		0900 282536	1 Year	£5,000 8.50%	Y/y
Ganterbury Life FN		0227 457375	2 Year	£5,000 8.75%	Y/y
Prosperity Life FN		0800 521 546	3 Year	£5,000 8.75%	Y/y
Liberty Life FN		081 440 8210	4 Year	£25,000 8.90%	Y/y
Provident Capital FN		0256 788888	5 Year	£25,000 9.00%	Y/y
NAT SAVINGS A/Cs & BONDS (Gross)					
	Investment A/C		1 Month	£5 10.25%	Y/y
	Income Bond		3 Month	£2,000 11.00%	M/y
	Capital Bonds C		5 Year	£100 11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)					
	36th Issue		5 Year	£25 8.50% F	OM
	5th Index Linked		5 Year	£25 4.50% OM	
	Childrens Bond F		5 Year	£25 11.84% OM	

All rates (except Guaranteed Income Bonds) are shown Gross. OM = Interest paid on maturity. N = Net Rate. B = Bond. Gross Equivalent Rate. Fixed Rate (All other rates are variable). Unit = Interest paid on maturity. N = Net Rate. B = Bond. Source: Moneyfacts, The Money Guide to Investment and Mortgage Rates, Watlington House, Watlington, Oxford.

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Investment for the uninitiated

For example, Gray strongly

However, it was good to see Gray's accurate division of the Business Expansion Scheme

industry into "ordinary BES" trading companies, which he does not recommend for beginning and assured tax payers. Michael says he has more attractions. While he points out the strengths of "growth assured" BES companies, his final assessment is still strongly worded: "This sort of scheme verges on arbitraging the taxman, and surely cannot last for long."

It is easy to see why Brett's book has become a prescribed text for many trainee accountants.

Its Wisden-like propensities can be demonstrated easily enough by listing some of its contents: coins, diamonds, holiday homes, pleasure gardens, racehorse ownership, riding

John Authers

I think my tax
inspector is
ignoring me

The case against the Church Commissioners has arisen mainly over the Church's investments in companies with business in South Africa.

However, with ethical investors still keen to avoid companies with South African links, some of the big household names including Shell, BP, ICI, GEC, BTR, Lonrho, BOC, RTZ, Trafalgar House and Blue Circle, which have substantial interests in South Africa, are likely to remain outside their

Meanwhile, the argument between the Bishop and the Church Commissioners continues in the High Court in London.

taxpayers who are entitled to refunds. Evesham tax office will get around to sending you a tax return form some day, but it may be months before your request reaches the top of the non-urgent pile.

Meanwhile, (before next April) you can send details of your income etc. to the tax

■ The phrase can only be construed, in its context, as meaning "reasonably believe that there were no outstanding tax bills or unassessed liabilities". The tax office has plenty of time to get around to assessing you, so there is no reason

**I want to be
taxed too**

ENT FUND

to 40 stocks where the managers believe there is value. This lack of diversification obviously makes it more risky than most unit trusts.

Philip Cogan

The matter seems to hinge on the meaning of the phrase "reasonably believe that his

to operate either account, and it would only require proof of death (eg. the death certificate) to enable the survivor to assume title to all the money

The Japanese market is well *Philip Coggan*

Gilts and the private investor

making the 4 per cent real returns currently available on index-linked look more

Philip Coggan

forecasts to around £50m from £94m, compared with £74.4m earned in the previous year. Besides the profit downgrad-

whose results were 19 per cent ahead at the interim stage, predicted that second half trading would be more difficult.

scrip issue. † = Figures quoted in French Francs.

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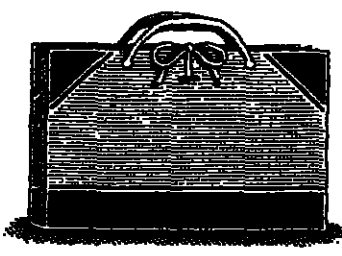
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FINANCE & THE FAMILY

Diary of a Private Investor/Kevin Goldstein-Jackson

Why the Scottish Mutual board must go

I HAVE BEEN one of the owners of Scottish Mutual Assurance Society since 1978 when I first contracted a with-profits policy with the society.

I was therefore surprised to read newspaper headlines on September 26 stating: "Abbey to buy Scottish Mutual." They implied that it was a foregone conclusion that the society was being taken over by Abbey National. Only about half-way through the article was it mentioned that although "the purchase" had been negotiated, it was still subject to approval by at least 75 per cent of Scottish Mutual's with-profits policyholders, the owners of the society.

Even then, Abbey National was quoted as stating that although it expected some opposition, the company was "confident" it would gain the necessary approval.

I believe the owners of the society should reject the Abbey National offer and throw out the entire board of Scottish Mutual directors.

On October 9 I received takeover documents, dated October 7, which Scottish Mutual had deigned to send me.

Scottish Mutual has always seemed to be rather reluctant to tell its own-

ers about its management operations. If it was a public company, rather than a mutual life assurance society, it would be compelled by law to send its owners annual reports, plus documents allowing them to vote at annual general meetings where the owners could, if they wished, vote against the election to the board of various directors.

Instead, as a mutual company, supposedly owned, managed and operated solely for the benefit of its owners (the with-profits policyholders), the society - like a number of other mutuals - just places small advertisements in a few newspapers to advertise the date, place and time of the annual general meeting and does not automatically send out its annual report.

It is time this law was changed. If, like me, one of the owners of the society required an annual report, it is necessary to write to the society and request one. Under the Insurance Companies Act 1982, the society is then obliged to send the report to any policyholder who requests one.

Looking at recent annual reports reveals that while companies generally have been "aiming down" the

1988, now employees 1,012. Management expenses, which were £27.45m in 1988, were £31.71m in 1990.

New business has fallen off sharply - from 56,630 policies issued in 1988 to 27,980 policies in 1990, although the annual premium income increased from £125.91m in 1988 to £157.93m in 1990.

The misguided provisions of the 1986 Financial Services Act and some of the decisions of regulatory authorities has meant that it has become much more difficult for the smaller insurance companies to remain independent. As the ranks of independent financial advisers become fewer and fewer, with more advisers becoming "tied" to particular companies, societies like Scottish Mutual appear to have found it difficult to increase their business at reasonable cost.

Perhaps if the society's directors had chosen to use the annual report as a promotional exercise for new business from its existing policyholders - and automatically sent them a report - they might have attracted more cost-effective business.

The 64-page offer document states that the board of directors of Scottish Mutual is convinced that the Abbey National takeover "is in the best

interests of policyholders." Yet nowhere in the document does it state what, if any, effort was made to attract higher bids for the society.

The document states that Abbey National "has already" paid £285m to the society in anticipation of the takeover's success. What cheek! How much would another company have paid?

Seven of the society's non-executive directors will become directors of the Abbey National subsidiary making the takeover offer, if the bid is successful.

The offer document shows that with-profits policyholders would gain a "bonus" from Abbey National but they would no longer be entitled to all the profits of the society. There would also be an annual management charge deducted from the society's fund.

While the document does consider the possibility of closing the society to new business, it does not consider taking advantage of the fact that some other mutuals are suffering in a similar fashion. If Scottish Mutual sold its branch network (perhaps to another insurer) and ceased to accept new business, then all the company would need is a fairly small head

office and not too many staff. If one or more other mutuals wished to follow suit, they could - while keeping the investment funds separate - share administrative costs of paying death and other benefits and thus reduce costs (to the benefit of policyholders) still further.

The nine Scottish Mutual directors, all of whom live in or near Glasgow, have called a special general meeting of the society's members/owners for 10.30 am on Monday, November 11.

This may be convenient for the directors. It is not very helpful for many of the 175,000 members who do not live in Glasgow. British Rail is notorious for its engineering works and delays on Sundays - the day when many policyholders in England and elsewhere will have to start their journey in order to be in Glasgow by that time.

I hope policyholders will vote to reject the takeover and request an emergency general meeting to throw out the directors for agreeing to such a bid and for treating the owners of the society in such a poor way. With-profits policyholders own mutual insurance companies; they should exercise their ownership rights.

How to... find a stockbroker

Speak to your friends

Scheherazade Daneshkhu on the merits of personal recommendations

YOU MAY have accumulated, or inherited, a substantial sum of money and a little about the stock market, a discretionary broker should be the more suitable.

How do you find a stockbroker who can look after your needs? There are two basic types. An advisory broker will suggest when it is a good time to buy or sell a particular stock and will comment on your suggestions. He cannot deal on your behalf without first contacting you.

If you want to hand over investment decisions completely, you can do so to a discretionary broker who will manage the portfolio on your behalf. Since it is a more comprehensive service, it is also more costly.

Which you choose depends

on your lifestyle and the degree to which you wish to be involved with the portfolio. If you are often away or know little about the stock market, a discretionary broker should be the more suitable.

Cost: There are two ways in which you will be charged. The fashion for discretionary brokers is to charge an annual fee, based on portfolio size.

Other brokers are paid by charging a percentage commission each time they deal. Larger deals usually cost less. The sort or rate you might expect to pay is 1.65 to 1.85 per cent on deals of roughly £5,000-£10,000.

The argument in favour of fees is that brokers have no incentive to the broker to "churn" your account - buy and sell unnecessarily in order to obtain commission.

However, even a fee-based

system can have its drawbacks - the broker could happily put his feet up, confident in the knowledge that he is being paid for handling your account anyway. Brian Tora of Greig Middleton & Co. believes the best system is smaller annual fees combined with smaller commission charges. Some

broking firms, however, are opposed to fees, since they incur VAT, unlike commission.

Shearson Lehman Brothers, the US securities firm, charges 0.5 per cent on large clients, with a portfolio of roughly \$1m. Clients with smaller portfolios pay around 2 per cent. This is an all-in fee, giving Shearson Lehman no incentive to churn.

Performance: You can ask a broker to produce his performance figures but firms usually argue that no two portfolios are the same, because of the client's preference for safety and income. If possible, examine other funds which the company manages such as investment or unit trusts. If these perform well, that gives an indication of the firm's fund management abilities.

Size: Some brokers are distinctly snitty about the clients they take on and insist on a substantial portfolio. Others say there is no minimum but it is not really worth approaching them unless you have £20,000 - and then you will probably be placed in unit or investment trusts. It is not a good idea to take small busi-

ness to too large a broker - you may pay more commission and if his minimum level of transaction is your maximum, you are unlikely to be a priority customer.

Service: Although most business with the broker will be done on the telephone, John Cobb, chairman of the Association of Private Client Investment Managers and Stockbrokers (Apcims) believes personal contact is important and the client should meet the broker before handing over business.

Take advantage of the meeting to ask detailed questions about how the broker's charges are structured and what services his commission or fee covers. Does it include handling dividends and tax return information? Are there other charges? If money is held in a nominee account, is it earning interest and at what rate? Does the company have insurance for its clients and if so is this also included?

Check too that you will be dealing with one person and note their experience.

If a broker is too cheap, there may be a catch. John Cobb warns that investors get what they pay for. In stock-broking terms this can mean the difference between a lazy and an energetic broker.

Check on your portfolio if it is managed by a discretionary broker to make sure that the firm is not getting rid of shares it does not want by dumping



them into your account. ■ Where to look: The more reliable you are on your broker, the more important it is that he or she should be someone whose judgment and abilities you can trust. For this reason, there is no better way to find a good broker than through the recommendation of a friend. Otherwise, write to the Stock Exchange for its Private Investors' Directory which it will send free.

Specialist financial publications such as *Investors Chronicle* (part of the FT group) also list details of some private client stockbrokers including commission rates, minimum amount traded and other services offered.

What they will want to know about you: You will have to sign a client agreement letter with an advisory or discretionary brokers. It provides the

firm with the client's earnings, tax position and number of dependents. It will also set out the client's risk strategy - do you want income or growth or a mixture of both? The client can put in exclusion clauses, such as stipulating that he does not want investments in a company with South African assets or unit trusts because of their relatively high charges.

All brokers will refer their clients to the Mutual Reference Society, a Stock Exchange credit checking system.

Finally, any broker worth his salt must be authorised under the Financial Services Act. He could be regulated directly by the Securities and Investment Board, or by one of the self-regulatory bodies such as the Securities and Futures Authority (SFA) or the Investment Management Regulatory Organisation (Imro).

The First
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1945	£1,000	£1,000
1955	£5,709	£1,346
1965	£15,861	£1,901
1975	£36,074	£3,209
1980	£73,819	£4,676
1985	£196,514	£6,800
1990	£407,828	£8,989
1991	£536,266*	£9,226*

Investment of £1,000 in December 1945 (net income reinvested)

*As at 31.7.91. *Source: Microplot as at 31.7.91.

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Failed firms
pensions fear

A HUGE company pensions tangle has been gathering in the wake of the £2,000 business failures in the UK last year.

Insolvency practitioners and pensions investigators say that the legal distinction between company and pension fund assets is often disregarded. In the struggle to save their companies, directors, who may also be trustees of the pension fund, are using any cash flow available, including pension contributions.

Some of the accumulated problems may take years to resolve, with liquidators, trustees, insurance companies and different government departments all involved. Pension scheme members are sometimes left without adequate information and are practically powerless to influence events surrounding what may be their biggest single investment.

Those who approach the Occupational Pensions Advisory Service (OPAS) for help may be dismayed by the advice they receive - to be patient and to wait and see - especially if the delay has already taken them past retirement age with no pension payment in sight.

Some people may also receive less than is due if the scheme fund cannot meet its liabilities. Technically, company pensions do not rank as investments so do not qualify for investor compensation.

The Department of Employment can make recompense for up to one year's worth of employee pension contributions which have been deducted from salaries but not paid into a scheme. However, it will only step in after possibly lengthy claims against the company for the money have failed.

At OPAS, Terry Brand said that the service had lately

seen a vastly increased workload associated with the number of businesses failing. The service's London office received 739 "difficult" cases in the four months to the end of July against 727 for the previous full year ended in March.

One of the latest complaints is an engineer who retired from CTV Ltd just a month before the company went into liquidation in June. When his pension payments failed to start, the engineer wrote to Eagle Star and brokers Allied Provincial, knowing that they were associated with the scheme, but was referred back to the trustees.

"This is not deliberate secrecy, but simply that nobody knows what the position is," said the OPAS officer detailed to handle the case.

The OPAS officer explained that the scheme was to be wound up but because the company was in arrears with its contributions, there was likely to be a shortfall in the fund. Eagle Star's calculation of the money available to meet the pensions was being held up by a dispute over conflicting DSS and company records over the amount of guaranteed minimum pension due to each individual which would have to be settled "and this always takes time".

"You can be by no means sure that your pension entitlement will be met in full," added OPAS, noting that the contributions arrears might be claimed against the receiver "although whether (the trustees) will be helpful is another matter".

"The attitude seems to be sit back and wait," said the engineer. "But at my age, that's no good."

Barbara Ellis

Directors' Transactions

DIRECTORS in Arlen Group, the electrical company, have sold at a 30 per cent profit holdings that they bought only six weeks ago.

Some of the other sales are remarkable in their size, with non-executive director E. S. Lambert selling shares to the value of £3.2m in Saatchi and Saatchi. He obtained the shares at a lower price in April as part of the company's reconstruction.

Both Charles Baynes and Microfocus shares have doubled since the turn of the year with directors taking a profit. The apparent sales in Quilligott, are directors accepting a cash offer for the company.

The purchase by two directors in Microgen Holdings

is a substantial deal. There has been a boardroom reshuffle with Peter Barbour becoming deputy chairman.

There is a nice irony in the appearance in the table of a purchase of shares in Mountleigh Group by Sir Ian McGregor, the new chairman. It was the sale of a substantial slice of shares by Nelson Peltz, who is now chairman of the company, that provoked recent Stock Exchange criticism. Messrs Peltz and May resigned from their executive posts last week.

We are seeing a definite return of interest in the property sector, as illustrated by a substantial purchase by Greycoat's chairman, Angus Macdonald, Director.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Abbeycrest	751,000	811	2
Aneec	1,000,000	2,200	1
Arlec	50,000	10	2
Baynes (Charles)	2,000,000	1,340	3
Black (Peter)	1,100,000	1,430	2
ES	25,404	102	3
Fairley	7,600	92	1
Greenalls	25,000	92	2
Istock Johnson	250,000	235	1
Microfocus	188,000	3,061	4
More O'Ferrall	63,000	173	2
Quilligott	1,474,615	472	3
Saatchi & Saatchi	22,144,357	3,211	1
Shorro	22,180	18	1
Trinity Int'l	60,000	119	1
Wholesale Fittings	60,000	274	2
PURCHASES			
Abbey National	4,000	15	1
British Aerospace	3,500	12	1
Derby Tat Cap Share	5,000	10	1
EIS	4,500	18	1
Greycoat (CRP's)	230,000	161	1
Huntingdon Int ADR	10,000	\$175	1
Manpower ADR's	15,000	\$186	1
Microgen	351,883	571	2
Mountleigh	500,000	67	1
Nat. Westminster	3,000	10	1
New London	225,000	32	1
Numbrian Fine Food	21,000	10	1
Quicor	96,000	24	1

Value expressed in £000s. Companies must notify the Stock Exchange of share transactions by a director. This list contains all transactions, including the exercise of options (if it is 100% subsequently paid, with a value over £10,000. Information released by the Stock Exchange 30 September 1991.

Source: Directors Ltd, Edinburgh

PERSPECTIVES

Sucking at the mama state

ABOVE THE noisy chatter of a Roman trattoria a voice could be heard saying: "Ciao, Mama!"

Instead of a devoted son rising to greet his mother, there was a young man talking into a mobile phone while his free hand caressed a female companion. I had always regarded Italian society, especially south of Florence, as highly patriarchal and, on returning to live in Rome after a break of 16 years, it was reassuring to witness such a scene the very first night. Only the forms seemed to have changed.

After a few days back in this beautiful city, which has long been a virtue out of decadence, it is clear that not all the forms have changed either. The supreme matriarch, the great mama state, is very much in evidence.

Italians are still greedily sucking this gigantic breast in thousands of legal ways: jobs for life, indexed wages, discounts, subsidies and generous pensions. The system is ever more abused: from illicit tapping into electricity supplies to the 16 civil servants found receiving overtime - on the basis that they were working 29 hours a day.

Following the collapse of communism in eastern Europe, it is quite common to hear more cynical Italians saying: "Italy is the last socialist country in the whole of Europe." The structure of political power, controlled by the Christian Democrats and their cronies since the Second World War, is the *nomenklatura*.

But if Italy remains a country where the state grants favours rather than guarantees rights, attitudes have altered considerably. Right down to the market stall owner people seem to recognise the state's bounty is no longer limitless. Of course, no one wishes to be the first to be weaned and politicians are reluctant to forego such a munificent system of patronage even if it is responsible for Italy's debt mountain.

This debt now exceeds GDP for the first time since 1924 (excluding wartime 1943). Where in the 1970s pressure for state reform came from political forces on the left, it now comes from the right, the necessity of restructuring public finances - and the exigencies of Brussels. The national debate has moved from *if and when* Italy would accept a Communist presence in government, a dominant issue for almost 40 years, to whether Italy can carry out the necessary reforms to the politico-economic system to remain in Europe's first division. Yet the status quo manages to hold the system in place, rather like a

ceiling supported by a rot-ridden oak beam.

Several acquaintances, aware that I have spent time in Spain, ruefully observe that their sister Mediterranean country appears to be fast embracing the 1980s while Italy marks time. Such observations underline a paradox. Accommodations of modernism surround much of Italian life, emphasised by superb clean design. The advertising industry for instance, is telling Italians, so fond of their leisurely eating habits, that "I just food e Italiano." Nevertheless important aspects of Italy are caught in a time-war.

Many people who played a key role in the creation of the "Italian miracle" more than two decades ago are still public figures. Giulio Andreotti, the 73-year-old prime minister, has been in government since 1972 and was premier first in 1972; Guido Carli, the Treasury Minister, was governor of the Bank of Italy from 1960-75 and represented Italy at the International Monetary Fund in 1946;

**Robert Graham
on the
contradictions of
modern Italy**

Enrico Cuccia, at 83, is still doyen of the banking sector and reasonably active at Mediobanca, the most important financial institution in Italian private banking; Giovanni Agnelli, aged 70, is still president of Fiat which he has been running since 1966. This gerontocracy also extends to the media and the arts.

The most popular weekly magazine, *TV Sorrisi e Canzoni*, is this autumn celebrating its 40th anniversary. It still peddles the same recipe of variety, television chat and interviews. Even the graffiti, such a staple of Italian art when revolution seemed round the corner 20 years ago, retain phrases redolent of a bygone era when workers and trades unions regularly triumphed.

Admittedly, most graffiti now refer to football teams and street gangs. Perhaps this reflects a deeper contemporary reality. In the past two decades Italy has witnessed a deepening of social divisions, although the old fault line of culture and wealth still separates north and south Italy.

The visible symptoms of prosperity are at times shocking. The charming Italian waiter turns out to be Egyptian. The dishwasher who drops the plates in the kitchen is Tunisian. House agents blithely point to a small back-room saying: "That will do for

the Filippina (maid)."

In the last ten years, Filipinas have taken over domestic service as Italians have become too expensive to employ. Anyway fewer Italians wish to do such work. The presence of large numbers of mostly illegal workers doing the dirty jobs has metamorphosed Italy. In under 20 years Italy has ceased to generate emigration and become a country with a potentially serious immigration problem. Up to 1m immigrants have entered the country and the Mediterranean has become Italy's Rio Grande.

Prosperity has made it easier to erase the grim memory of political violence in the 1970s. These were the so-called "years of lead" (*anni di piombo*) when significant sectors of Italian cities became battlegrounds for an aggressive class war conducted by the extreme left and contested in kind by the extreme right. Today the left is unrecognisable, the once powerful Communist Party has changed its name and direction.

The chain of Feltrinelli bookshops, which not long ago exalted Third World solidarity and only sold the approved titles of the left, are now stocked with classics and books on art, travel, physical fitness and cooking. The figure of Giangiacomo Feltrinelli, the wealthy leftist publisher, today appears more quiescent. He accidentally blew himself up while trying to dynamite a pylon near Milan in 1972 in the name of an armed resistance movement obsessed by a right wing coup in Italy.

President Francesco Cossiga is attempting to commute the sentence on Renato Curcio, the intellectual leader of the Red Brigades, the best organised and most violent terrorist group of the left. The latter kidnapped, then assassinated Prime Minister Aldo Moro in 1978 and Curcio became Italy's public enemy number one. The president feels this man has paid his debt to society.

But memories are long. This is largely because the truth is so hard to pin down. In a system obscured by cheques (sic) and balances fact all too easily becomes fiction and vice versa. No story is truly buried. A communist partisan has just confessed to killing a priest in 1945, a crime for which another man was imprisoned for ten years; wreckage of the Alitalia jet which mysteriously exploded off Sicily in 1980 has just begun to be recovered from the sea. Was this a botched US attempt to read Colonel Gaddafi? ... Take on... The ghost of Roberto Calvi, the disgraced banker found hanging from Blackfriars Bridge in London in 1992, is haunting the stage with the



"Even the market stall owner recognises that the state's bounty is no longer limitless"

prospect of new revelations.

The darker side to prosperity is crime. The more Italians have, the greater the precautions they are obliged to take to protect themselves and their possessions. In the early 1970s Italian men carried shoulder bags, now they just carry radios temporarily removed from the cars.

More menacing to the fabric of society is the way over the past two decades organised crime has expanded beyond its traditional strongholds in Sicily, Calabria and Naples to embrace the whole country. Its hold is now tantamount to a reign. The earnings are so huge they distort the entire picture of legitimate wealth. "It racket" once used about Italians in the US has recently been imported to coin the whole gamut of racketeering activities.

The voices calling for a curb on the Mafia are louder today but the results remain elusive. Take the recent case in Tra-

pani, in western Sicily, where for more than a year a young magistrate has been debriefing a former Mafia member who decided to "sing" in return for immunity. The super-grass provided names of prominent politicians allegedly dependent on the Mafia for delivering votes.

No sooner had the names been made public than the investigation was removed to another district on the grounds that the case was outside the magistrate's jurisdiction. The new investigation promptly absolved the most senior politician implicated, saying there had been a confusion with a namesake.

The phenomenon of the young magistrate willing to take on the system emerged in the 1970s. Today their number has multiplied but their success rate has not. Here lies one of the great continuing contradictions in a country which seems to spawn contradictions. Rome was responsible for prod-

ucing a corpus of law that provided the fundamental tenets of modern Europe's concept of the rule of law. Yet in Italy today the legal system and the due process of law is the aspect of society which functions worst. A recent study by the Interior Ministry showed that 47,303 prisoners had been released from jails because they exceeded the legal time limit laid down for being held without trial. Of these 1,385 went on to commit murder.

Most of Italy's contradictions are more endearing. Wandering again as a tourist round the churches in Rome that house some of the finest work by Caravaggio, I discovered the paintings to be as badly lit as ever. How perverse that Caravaggio, one of the great masters of light and shade, should be so poorly illuminated. The moral perhaps is that everyone needs to carry their own torch if light is to be shed on Italy's many wonders.

As they say in Europe Of émigrés and Ruritarians

WHAT DO words mean? Looking for items in newspapers from other countries forces this question on one, week after week. Sometimes it is really important - witness the problem over the word "federal" which causes such revulsion in Britain and is so attractive to much of the continent. To the British "federal" emphasises the centralisation of power, to their neighbours it is its devolution.

The English like to believe that their language is so pervasive that it has become a *lingua franca* which dominates international debate. But I have noticed no more widespread use of English in the columns of newspapers in Europe than foreign words in newspapers in the UK.

Now, the meaning and usage of such words, words which cross national frontiers, is becoming a matter of some concern. To me it is anyway. In Italy this summer I saw a sweatshirt inscribed "Derbyshire Country Cricket. South East Association. 1983." There was a picture of a cricketer adopting a baseball stance and shields emblazoned "SE." It was hard to conceive how anybody could have produced something which almost had a meaning but had just missed out in this way.

These travelling words are in fact of two types. There are the *émigrés* and the *Ruritarians*. The *émigrés* are perfectly good words in one language but when they travel abroad gain new meanings or curious usages on the way. The *Ruritarians* are fabricated words which sound good, like my son's computer toy, "Game Boy" - which could not have been invented by a native English speaker.

The spread of *émigrés* and *Ruritarians* these days is just as marked in demotic English as in neighbouring countries. Take the following sentences which would not have been understood 20 years ago: "I took the Sierra down to the piazza and picked up this bimbo with a Walkman. We went off and shared a *Hängen-Dax* and a couple of *pils*."

The total impact is fairly ghastly, but there is no doubting that it all conjures up a series of consistent images. The first sentence consists of the Spanish word for a mountain range, the Italian word for "square" and another Japanese-English Ruritarian. "Bimbo" is the Italian for a small boy which in English has confusingly become an empty-headed, but not unattractive, girl.

The second clause contains the remarkable construct "*Hängen-Dax*," which is pure Ruritarian. It was made up in

America to seem Danish, I thought it was Hungarian, because of the "zs" combination. But a Hungarian told me it was Scandinavian, while the lady who answered the phone at the Danish embassy thought it was Dutch. There is, in fact, no language it could possibly be.

Pils is now a Euro-word based on the German name of a small Bohemian city and is an undefined strong lager beer in Britain. It is this kind of word that causes real trouble when it emigrates to Britain. Take for example *dacha* and *machismo*. They are widely used in Britain by those who like to think of themselves as well-educated and are systematically mispronounced as a result.

The British think the use of the English phonetic system is a sign of ignorance. But *dacha* has been transliterated from the Russian to make a nonsense as it is spelled in English. Yet as often as not it is comes out as *fake German*, with a guttural *ch*, because that sounds more foreign. Similarly *macho* and *machismo* are Spanish. But Italian is more sophisticated so it emerges as *makhismo* from educated mouths. In Italian, however, *machismo* pertains to the doctrine of the physicist Ernst Mach, the fellow who invented airspeed - Mach One and so on.

Willful mispronunciation for the sake of the sound is becoming widespread in English. The process is well known - look what has happened to *baroque*. In France one finds a refusal to make any concession to an alien phonetic system. As a result many famous people might be unaware, listening to a French radio or television news bulletin, that an item is about them. Lech Walesa and the German president, Richard von Weizsäcker, are particular victims of this approach. Mozart is presumably turning in his grave.

Sometimes these *émigrés* return home. There is the well documented case of the word "budget" which came, for reasons which need not detain us, from the French word for candle, *budget*. Now "budget" has now returned to France, with appropriate Gallic pronunciation.

And so we confront the problem of ordinary words in one language which are filthy in another, why Keats makes the German giggle and how a Pole can possibly say he is looking for a woman in Czechoslovakia. That will be for another

James Morgan

James Morgan is Economics Correspondent of the BBC World Service.

Gardening

A more beautiful way with bulbs

Robin Lane Fox is hooked on a new idea: that of planting in layers

OUTDOORS, the rain has put fresh heart into bulb-planters; at last, we can bury daffodils without breaking towels on hard ground. Indoors, fresh heart has not been needed.

When faced with winter, even a semi-gardener can respond to the idea of hyacinths and cheerful narcissi in bowls. They can be planted on rainy days and semi-gardeners can always rest assured that they are most unlikely to come across a worm. By now, it is late to be planting hyacinths and too late to plant them for flowering. Yet the bulbs, but it is not too late to be planting with flair. I now realise that I have been timid and inefficient when planting bulbs indoors during the past 30 years.

It is not that I have been buying bulb-fibre when it is as easy, and much cheaper, to use a bowl of gravel from the garden. It is not even that my hyacinths occasionally flower without growing proper stems or that mice once played passage-football with the crocus Blue Pearl. It is that I never thought of planting in layers.

For years, I have only achieved a fraction of what is now being contrived by good gardeners in the know. I have ten obeying rules which turn out to be silly impositions, the work of authorities who were being puritanical, deep down. The art of layering is simple and extravagant. Instead of planting hyacinths in one bowl, tulips in another and crocuses in one of those dishes which are too shallow to use for a soufflé, you plant the whole lot in one pot, like a family in bunk beds.

The late-flowering tulips go in the bottom; about an inch of well-fertil-

ised soil covers their tips; then, the early narcissi sit on top; then, another layer of soil allows you to put the crocuses, small lilies or scillas in last, with a further layer about an inch thick to the surface of the pot.

Pots, window-boxes or designer-tubs need to be deep to take three layers, but the usual size of window-box can manage it and even the standard cache pot from Peter Jones can take two layers of passengers, not one.

The aftercare is no more difficult than the old days of segregation. The compost or fibre need to have been watered heavily before planting; the bulbs must be kept in a cool, dark place until the top layer shows several inches high; then, bring them all into the light, but preferably not into an overheated office. Water and spray the leaves with a liquid fertiliser and remember to continue this treatment when the flowers have faded but the leaves are still green. The bulbs are no longer pleasing to the eye, but they are building up strength in a most important phase.

When I first heard about layering, I thought it was an insane extravagance. It sounded like impatient gardening, an invention of the 1980s, for people with money, not sense. Surely the tulips would collide with the daffodils and the daffodils would dislodge crocuses? The layers would clash and the result would be a botanical sort of squash-ladder whose top rung of crocuses would feel threatened by an under-layer of narcissi trying to stick their noses up their backsides.

In fact, nature loves a tangle. Tulips under them and anyway, prefer to be planted deeply. Daffodils seem to avoid the crocuses and nothing becomes suffocated below ground.

Wonderful vistas have opened before us. In late January, you can enjoy the early crocuses in your window-box or pot indoors; when they fade, you can whisk them out

find their leaves and dead flowers too heavy among a forest of fresh young jonquils or water-lily tulips on the move. At present, it is all a matter of experiment and common-sense as the ground-rules, so far as I know, have not been codified in print. The practice is spreading, although most experts ignore it.

The winners, meanwhile, are the theorists. We all remember these apostles of red-blooded competition, unfettered freedom, balance without intervention and forces which find their own level. They have lurched from one fad to the next, from debt-crisis to credit-crisis to the grand finale of the Great TV Franchise auction.

All along, they were right, but in an area which we did not realise. Their views applied admirably to indoor gardening: pack your bulbs in a mixed tangle, leave them to fight it out; resist intervention and the result will be many times better than the regulated styles of the text-books. It may not work in the market, but it works in the dark of a cupboard beneath the stairs.

Practised layerers assure me that it all works. Women's Institutes are giving talks on the subject; there are planting sessions with people who wear gloves; you can include hyacinths if you like, but I would

me a very good plant in both these respects. Even more importantly, birds seem to dislike its bright red berries so that they leave them alone even when winters are hard.

This is an evergreen cotoneaster, the leaves small and rounded and closely packed on the stiffly arching branches which gradually build up into an ever larger, dome-shaped bush. Ten years ago I would have said that its maximum height would be about 4 ft. Now I know that it can be at least twice that, maybe more, but it grows slowly and there is no difficulty about having seedlings to replace it if it gets too big.

I also have half a dozen healthy seedlings ready to plant out this winter which I grew from seed that I collected in the gutter outside a supermarket car park. The parent plants are evergreen with lance-shaped leaves and slender stems. I think they are cotoneaster *salicifolius* but what impressed me most about these plants was that, like my conspicuous, they hold a full crop of scarlet berries until

February. I cannot recollect that all forms of *C. salicifolius* have this virtue so I took advantage of a lot of fallen berries to experiment for myself. I hope my seedlings hold on to their berries like their parents.

Many cotoneasters can be used for making hedges, either on their own or in company with another shrub such as hawthorn, box or privet. The one that seems most suitable for the purpose is called *smilax*. It is usually semi-evergreen and rather stiffly erect which makes it easy to clip into a narrow hedge. The leaves are neat and glossy, the berries quite large and bright scarlet.

The best cotoneaster if you decide to grow one as a tree, restricting it from the outset to a single trunk left to grow about 6 or 7 ft and then beheaded so that it forms a head of branches, is *Cornubia*. It has big leaves and large clusters of white flowers followed by heavy crops of large bright red berries. It is the only cotoneaster I can recollect having received a First Class Certificate from the Royal Horticultural Society.

**Arthur Hellyer
on the many varieties
of a most useful
garden plant**

I am delighted for I am able to pick and choose from among those that are least alike.

My favourite cotoneaster is one that was given to me under the name *conspicuous*. I put it that way because I am by no means certain that the second name means very much. It seems to me that "conspicuous" is sufficient. This is a naturally variable species, particularly in size and ability to flower and fruit freely, and my friend gave

Plant of the Week (*Amaryllis belladonna*)



This beautiful autumn flowering South African bulb carries from two to four large, pink, trumpet-shaped flowers on top of a stout 2ft to 2½ ft stem from September to October, bordering on hardness, but in many parts of the country, in sheltered, sunny gardens, it can be grown successfully out of doors. The ideal place for it is at the foot of a south-facing wall, where it gets all the sun that is going, with their "noses" just covered with soil. *Amaryllis* can be also ideal for a border or large container in a sunny conservatory with little or no artificial heat. Arthur Hellyer

FOOD & DRINK

Shellfish straight off the beach

Nicholas Woodsworth finds some real surprises in a remote Canadian culinary outpost

WHEN DAVID Phillips asked if I wanted eggs for breakfast it seemed natural enough a question, for what else does a bed-and-breakfast proprietor ask his guests at 8am on a summer's day?

But when the eggs arrived a few minutes later I saw we had a problem. Herring eggs spawned in a green mass on strands of bright green seaweed are a little hard to take early in the morning.

I might have expected something of the sort. David Phillips is an unconventional character and his bed and breakfast an unconventional place. The entire island on which it sits is rather out of the ordinary. Forty miles off the north Pacific coast, where Canada meets the Alaska panhandle, the cool, misty Queen Charlotte Islands are full of odd surprises, culinary and otherwise.

The herring roe was delicious. "The Haida Indians here call it 'ghow'," said David Phillips, "and it's just what you need after a night of ghowing and then bit into the tiny, iodine-charged eggs. They burst on the palate with the taste of the sea."

"In season herring will spawn on anything in the water they can find, bicycles and old boots included. But help beds specially for the herring — they like the taste. So do the Japanese: they pull roe-covered kelp out of the water here, put it on a plate, and that evening it is sitting on plates in front of Japanese businessmen. At Tokyo prices, we've just eaten \$100 worth of ghow."

I didn't feel guilty, in fact I asked for more. In the Queen Charlottes there are lots of things you cannot do. You cannot have a night out on

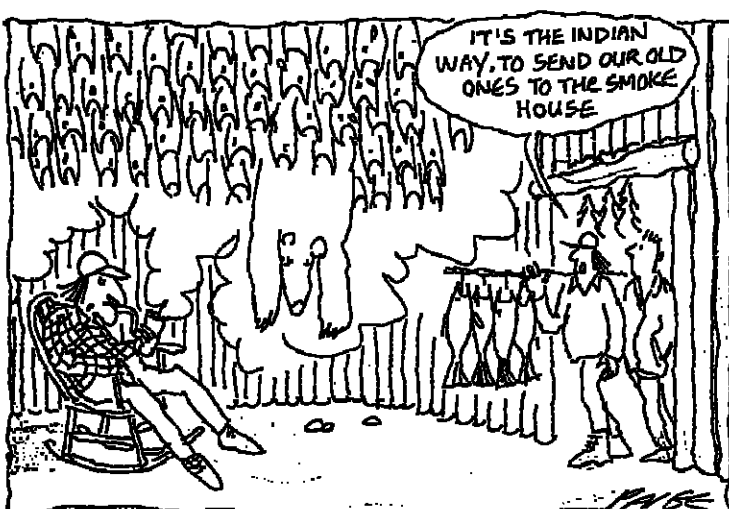
the town, unless you call the community of Masset on Graham Island (one bar, one restaurant, one motel) a town. Nor can you meet a wide variety of people, unless you call the difference between loggers, fishermen and other outdoorsmen wide. And you might have a hard time enjoying the weather, unless you like fogs, storms and drizzle.

What you can do on the Queen Charlottes is find a wealth of ocean, river and forest — most of it in a magnificent, natural state, and most of it edible. I therefore did what the islanders do: I tucked in.

Glow is just one of the favourite dishes on these islands. When the north-east wind blows and churns up the Hecate straits between the Charlottes and the mainland, beaches here are covered with scallops, which are loaded on to the back of pick-up trucks with glee.

These scallops are not the little frozen rounds we find in supermarkets, but creatures with shells eight inches across and meat like small beef fillets. At other times, other winds bring cockles, moonshells and razor clams up from the sea, all to similar delight.

When islanders are at work rather than play, they are also on the trail of food. The Queen Charlottes host one of the richest fishing grounds in the world. Here the currents of the north Pacific funnel large runs of salmon from the Arctic down past the shores of the islands. Halibut, Alaska black cod



and Dungeness crabs are also big business. In summer, when seas are less rough, local fishermen are joined by commercial fishing fleets from Vancouver, Nanaimo and other ports further to the south. So profitable are the catches that even a deckhand working at 15 per cent commission on one of these boats can retire comfortably for the winter.

Onshore, nature is no less generous. In summer, rivers abound with salmon running upstream to spawn; in winter with 15lb trout known as steelheads. In the forests are black-tail deer, so many of them that in the long hunting season islanders

are allowed to claim 10 apiece annually.

There are elk, beaver, otter and the largest black bears in North America. In the bushes there are huckleberries and salmon berries; underfoot, wild strawberries. In the damp, mild climate of the Charlottes, frost-free all year, things live and grow in profusion.

At one point early this century, it looked as if the natural wealth of the Queen Charlottes was going to be exploited to the full. Hit hard by an economic depression and attracted by cheap land, homesteaders flocked to the islands. They backed log cabins and fields out of

the forest, and began farming. For a few years there were prosperous shops, a newspaper and a busy ferry service.

The Charlottes, the settlers were promised by a land developer named Charles Hayes, would become the market garden of the North; all that was needed was the transformation of the little town of Prince Rupert on the mainland opposite into western Canada's major port-city.

The vision went bottom-up when Charles Hayes went down with the *Titanic* in 1912. Settlers moved away in droves, the First World War snatched those that remained, and Vancouver became the promised outlet to the Far East. The Queen Charlottes reverted to their former anonymity.

But there was a part of the population that had no intention of ever leaving, one that had been here all the time. The Queen Charlottes have been home to the Haida Indians for 10,000 years, and depressions, market gardening and urban development were not their concerns. Although the Haidas have made some concessions to modernity, a life close to nature and their original hunting and gathering ways has suited them all along.

In David Phillips' kitchen, I met a young Haida with the unlikely name of Karmen Goertzen — a gift from his German father. Karmen grew up on the Charlottes working on crab boats and diving commer-

cially for abalone. Today he does what his grandfather did: he makes Haida jewellery and carves wood sculptures. When he has the time, however, what he enjoys most is catching salmon.

For a month every spring Karmen puts everything aside and heads for the Yakoun river in the centre of Graham Island. There on the family fishing grounds, living between an old cabin, a smoke-house and the sets of gill nets he stretches across the river, he spends his time catching and preparing the Haida's favourite food — fat, red-fleshed sockeye salmon.

With the help of a friend and his nets, Karmen is able to catch far more salmon than he can possibly use. At the height of the sockeye's spring spawning run up the Yakoun, he once landed more than 350 fish in a morning. But the Haidas have ways of dealing with abundance; they preserve it, and they give it away in the elaborate social ritual of the pot-latch.

Much of Karmen's time on the Yakoun is spent preparing the fish for consumption weeks or even months later. Some of it he simply cooks and cans in pickle jars with salt and oil. Some he soaks in a brine and brown sugar solution and slowly smokes for two days over an alder wood fire. Much is turned into the tasty Haida snack known as *ts'at* — fillets of salmon dried on racks in the sun and wind, lightly smoked, and then dried. Cut into

thin slices and eaten anytime, anywhere, it makes you wonder if commercially-made snacks from a bag ever taste of anything at all.

When I met him, Karmen was preparing for an important event. With the death of his uncle, the chief of the Shark House people, he had been chosen as the new leader of his clan. Organising a chief's pot-latch is not an easy thing. For thousands of years it has been the means of distributing surplus wealth, acquiring prestige — and ordering society. Unlike the carved totems that once towered over every Haida village but have now been abandoned, it remains a pillar of Haida cultural life.

How do you keep 400 relatives happy for two non-stop days of singing, story-telling, celebrating, speech-making and dancing? You pull out the salmon that kept you busy canning, smoking and drying all spring. You gather crab, abalone and sea urchins along the shore. You make up a vast pot of black cod stew. Finally, you go out and catch 100 large salmon, clean and skewer them on 100 sharpened green sticks, and plant them over a bed of glowing wood coals dug into the ground. If all that doesn't earn you recognition as a provider — and a chieftainship to boot — what would?

I did not stay for Karmen's pot-latch; it was still some months away. But before I left, Karmen gave me an invitation to return, and a large pickle jar stuffed with alder-smoked salmon. Not very long ago, thousands of miles from the Queen Charlotte Islands, I unscrewed the jar and tasted Yakoun salmon for the first time. I immediately began reconsidering my travel plans. A few more months, and I may make that pot-latch yet.

Chomping up the corn

ONTARIO is sweetcorn country. The corn there grows as high as an elephant's eye for mile upon golden mile.

A few years ago I watched a harvester chomp through the fields, wrestling the cobs from their silky cocoons and reducing the stalks and leaves to paper mache. We followed the lead to the processing plant to watch it canned and frozen. Then we were taken to a country club and given a sandwich lunch.

The gravied sandwiches came with bowls of hot buttery corn kernels and mountains of corn on the cob. A novel eating experience. But what really fascinated me was that the corn we ate was the corn we had seen in the fields that morning — but it had been frozen.

Frozen sweetcorn and canned are valuable store cupboard standbys but if I can get corn that is really fresh I would choose that every time.

The simplest cooking method is often best. Plain boiled and buttered corn on the cob is hard to beat, and 3 to 4 minutes cooking is all today's varieties need. Rub chilled butter over the freshly cooked cobs to give them a sheen, then serve the cobs with a little bowl of spiced sesame salt — sea salt mixed with toasted and crushed sesame seeds and cumin plus a pinch of chilli powder.

Apart from corn on the cob and warming winter chowders thick with sweetcorn, potatoes, peppers and pork meats or seafood, I am not over-keen on North American sweetcorn treats.

Much more to my taste are such things as a corn and egg gratin in which corn kernels, shredded lettuce and chopped spring onions are blanched and used as a nest for soft boiled eggs. A delicate, properly made Moroccan sauce is spooned over (or leftover Hollandaise sauce, if you have some), a few bread crumbs are sprinkled on top

and the dish is slipped under the grill to glaze the surface.

CORN PUFF
(serves 6)

Parmesan is used again in this recipe, which includes corn in two guises — first, the kernels scraped from a fresh cob (or the equivalent in frozen or canned kernels) and, second, dried and ground corn — in other words, corn meal.

Heavier than a soufflé but lighter than polenta, it is a dish to serve for lunch with a warm bacon and Cos salad on the side. Or it can replace potatoes, pasta or grain to partner savoury meat dishes such as pigeon casserole, game stew, sautéed chicken livers and kidney turduge.

$\frac{1}{2}$ lb cornmeal (also called maize meal, maize flour or polenta flour), a coarse, slightly gritty textured variety is best; 1 cob of sweetcorn; 1 oz butter; 1 pt milk; 4 eggs; about 2 oz cheese freshly grated from a hunk of Parmesan; paprika and thyme. Bring the milk, butter and 1 teaspoon salt to simmering point. Add the cornmeal in a steady trickle, and cook for 5 minutes over a very low flame, stirring continuously. Remove from the heat and stir in the Parmesan.

Unsheath the sweetcorn from its papery leaves and carefully strip away the silky tassels or stray dental floss-like strands may catch between the teeth. Scrape the kernels from the cob, using a small knife and standing the corn in a deep bowl to catch all the grains and milky juices as they are released.

Beat the sweetcorn into the mixture. Add the egg yolks, paprika and thyme, plus salt or more Parmesan if needed. Whisk the egg whites and fold them in. Turn the mixture into a large, lightly greased baking dish and bake on a pre-heated tray for about 35 minutes at 375°F (190°C) gas mark 5.

Philippa Davenport

Whiskey galore

CANADA, it seems, is awash with lager. The internal market is sewn-up by the Molson-Carling group and Labatt and between them, they control 90 per cent of the trade. But there are increasing numbers of brew-pubs and micro-breweries in Canada, and a good many of are listed in Michael Jackson's excellent *Pocket Beer Book* (Mitchell Beazley, 55.95).

Canada possesses some smaller regional breweries such as Moosehead and Crowsmore Springs and there is a beer in Calgary which, a friend assures me, is always referred to as "a good old barley sandwich."

So far as Britain is concerned, most Canadian beer is brewed under license. Labatt's famous Blue is made by Brent Walker, Vaux, Eldridge Pope and Allied, Molson, however, is still shipped from Canada and that might give you an idea of a premium beer style without your having to go there.

Canadians do drink other things, but many sound less than appetising. Consider, for instance, the Calgary Red-Eye: this is a legendary hangover cure made from a mix of beer and tomato juice. In London's only Canadian pub, the Maple Leaf in Covent Garden (41 Maiden Lane, WC2, tel:

071-240-2943), they offer Bloody Caesar's vodka with clamato (tomato juice flavoured with baby clams), or Shooters: fiendish cocktails meant to be drunk in one go.

So far as spirits are concerned, Canada is carved up by Hiram Walker and Seagrams, best known there for their proprietary brands of whiskey.

Canadian whiskey is essentially a halfway house between Scotch and bourbon. Its principal ingredient is rye and Canadian whiskey is nearer to Irish whiskey by being the product of only one distillery.

Scotch is a symphony of flavours made by blending the produce of several dozen stills taken from all over Scotland. To make rye whiskey, spirits of different ages are blended, with the accent on smoothness.

Hiram Walker's Canadian Club is Canada's biggest-selling whiskey. The top of the range is represented by Canadian Club Classic (\$20). This is a 12-year-old blend with a necessarily deeper colour and woodier nose.

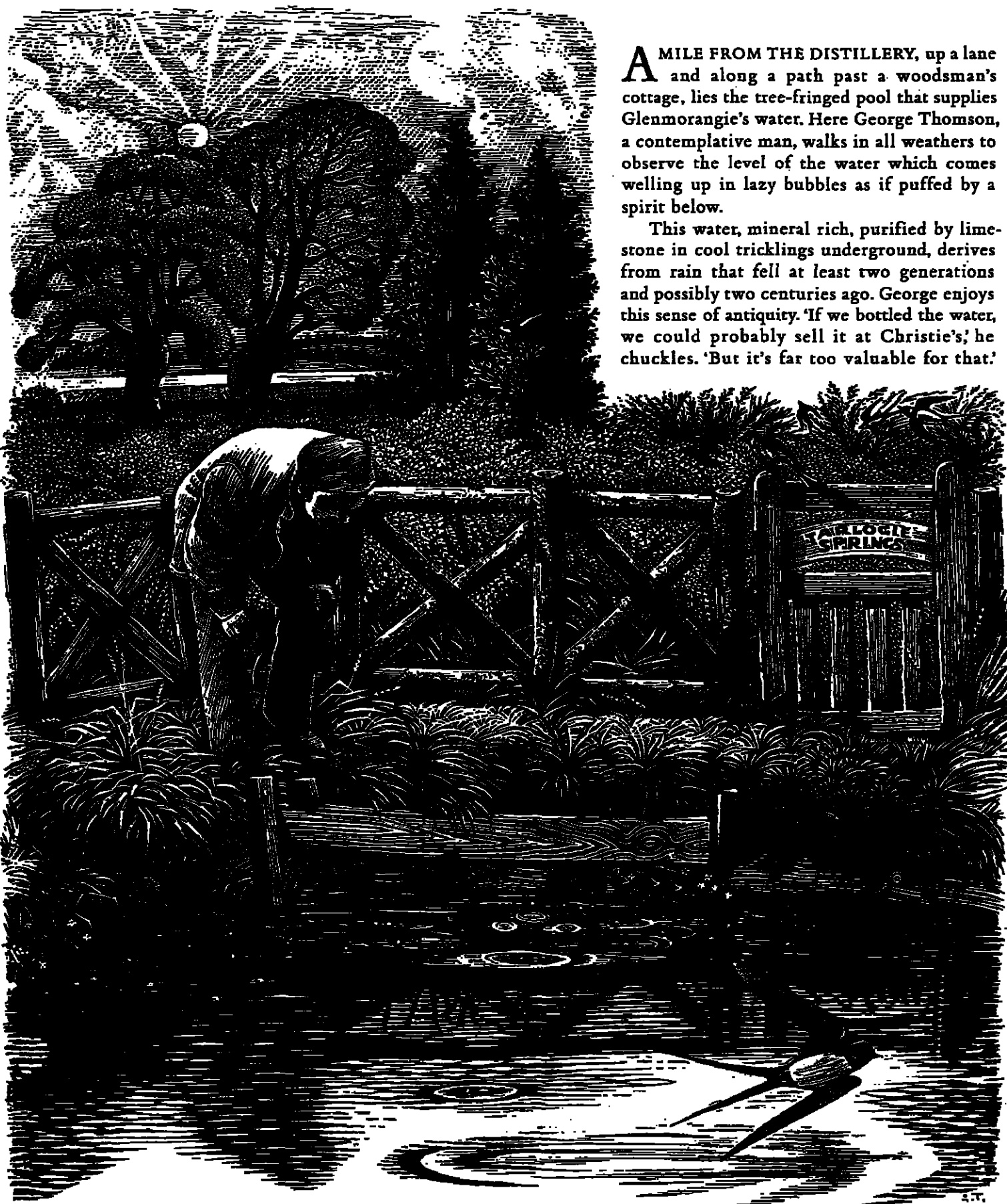
Classic's rival is Seagrams' Crown Royal, another 12-year-old. It has rather more vanilla character than the Classic, which might come from using some new bourbon oak.

Giles MacDonogh

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GEORGE THOMSON, Assistant Manager.



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A MILE FROM THE DISTILLERY, up a lane and along a path past a woodsman's cottage, lies the tree-fringed pool that supplies Glenmorangie's water. Here George Thomson, a contemplative man, walks in all weathers to observe the level of the water which comes welling up in lazy bubbles as if puffed by a spirit below.

This water, mineral rich, purified by limestone in cool tricklings underground, derives from rain that fell at least two generations and possibly two centuries ago. George enjoys this sense of antiquity. 'If we bottled the water, we could probably sell it at Christie's,' he chuckles. 'But it's far too valuable for that.'

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nt of the Week

PROPERTY

AS THE vignerons of France contemplate the catastrophe of their early frost, some potential vineyard buyers are looking towards England's southern slopes to plant their money.

There are now more than 400 commercial vineyards in England and Wales, plus countless hobby enterprises, and most of them got through a difficult spring with buds intact. One might even produce the superannum of 1991.

Not so in France, where some famous growers lost nearly everything in the early hours of April 21: even at Château Latour, one of the more fortunate first growths, the temperature that night dropped sharply.

The second buds, which should have replaced those burned in the frost, were beaten by cold, wet winds. Englishman David Orr, Latour's president, said: "Production will be down by 30 to 40 per cent, but many others are far worse affected than we are."

Risky business, making wine, but in a 10-year cycle in England one needs only a couple of good years for the enterprise to become more profitable than conventional farming. One was a strong wife can do most of the work, with help at picking time. Never mind the darling buds of May - as one grower warned: "It's more a case of the bloody bugs of June, the mildew of July, the birds of August and the wasps of September."

There is nothing new about English wine. The Romans made it and it was made right through the centuries until it went out of fashion after the First World War.

In these difficult days Britain's farmers are having to look for new crops to survive - golf courses, caravans, stock car racing and so on: happy the man who has a well-drained, south-facing meadow on which he can practice viticulture.

Establishing a vineyard is a lengthy process: it is three years before any crop can be taken. Assuming the land is already owned, a 10-acre vineyard costs about £35,000 to establish - a further £20,000 should be budgeted for specialist equipment. Unless the vineyard is really large most owners send their grapes to a co-operative wine maker.

That first crop on a 10-acre holding should produce about 5,000 bottles; by the fifth year the vineyard should be making about 30,000.

For those unwilling to wait for their first crop there are several English vineyards offering instant ferment on the market this summer.

One of the most idyllic corners of Hampshire is the setting for Rockbourne trout fisheries and winery, a leisure business built up in recent years by a couple with a staff of just one. The property, with its new house, has 33 acres, with a series of trout lakes and a chalk stream occupying the lower ground and more than 12 acres of vines on the slopes above. The fishery and its little shop alone produces a turnover of £25,000 a



Nutbourne Manor: a beautiful Georgian house, vineyard, orchard and trout lake offered in two sections

Bibulous bargain-hunting

Use caution if you decide to plant your money on a south slope, says David Hoppit

year: the trout record was set at 14lb 6oz the day before we visited.

"We have had more than the necessary three hours' sunshine a day this summer so we will have a vintage year," said owner John Cain. His vines are grown on the Geneva Double Curtain (GDC) system, requiring fewer plants. The grapes are higher off the ground than on a conventional system.

In addition to the tried and tested varieties that do well in England, Cain is experimenting with Chardonnay and a few Pinot Noir, with promising results. His established vines are producing 2½ tons to the acre (value about £850 a ton); with just over 2 lbs needed to make a bottle of wine (about five bunches) that is 1,000 bottles to the acre - enough temptation for most people. Savills has set a guide price of £500,000.

The owners are also good at Nutbourne Manor, near Purbrook, in West Sussex. This beautiful Georgian house, with its 30 acres of vineyards, apple orchards and trout lakes was marketed in 1989 but surprisingly did not sell. There are now about 20 acres of vines, including a variety called Bacchus. The property is offered in two sections, but a price of above £1m is suggested by Savills with Humberts for the whole estate - a bargain considering the guide of "above £1.5m" in

1989.

The wines of Barton Manor on the Isle of Wight have graced dinner tables at Buckingham Palace and the royal yacht and they are sold at Harrods and The Ritz: fitting outlets when one considers the royal connections of this remarkable 105-acre estate near East Cowes. It was bought in 1845 by Queen Victoria to extend her holding at the adjoining Osborne House (and was used to house some of the less well-behaved children of visiting European royalty). Edward VII sold Osborne House and kept Barton Manor. Parts of the house are very old - it was an Augustinian oratory - but it owes most of its elegance to the Edwardian period. The vineyards, producing Wight Wines, cover just over 10 acres and make about 30,000 bottles a year. The restored buildings are at the centre of an attraction that brings 25,000 visitors a year. Humberts suggest a price of about £1.15m.

There is a vineyard and cider apple orchard within the 18 acres of Yearstone Vineyard at Bickleigh, near Tiverton, in Devon, and planning permission for a house. This is the oldest commercial vineyard in the county. Knight Frank and Rutley quotes £175,000. Humberts suggests a price of £245,000 for Combe House, near Heathfield, in East Sussex, with a two-acre vineyard within its 10 acres. The

vineyard, which could be extended, was planted 12 years ago and contains 2,500 vines of the Muller Thurgau and Seyval Blanc varieties.

If all the work involved is too daunting one can sit and watch the next-door vines grow from Little Buitz at Cousley Wood, near Wadhurst, in East Sussex, a short stroll from Bewl Water. This tranquil old property is being sold through Hurley Lloyd Thorpe with an asking price of £500,000.

For those determined to seek a French vineyard there are several agents specialising in them. George Windsor-Clive, of the Newbury-based Vineyard Agency, says many of his inquiries come from dreamers "not knowing a Pinot Noir from a Chardonnay".

Barbers in London has a few temptations, including a farmhouse that is no more than "a heap of stones" with 10 acres of asparagus and 30 acres of land for Côte du Rhône vines; the price guide is about £140,000. For just £40,000 there is a solid little village house near Bagnols, in need of some tender loving care, with just 10 Côte du Rhône vines in the garden.

Now Sotheby's is moving into the market place, specialising in the vineyards of Bordeaux. The trouble is that the sale of vineyards in this area is usually very hush-hush. Suffice to say

that there are opportunities for someone with between £2m and £4m to invest. You could buy a lot of claret and a few English vineyards for that.

There are no secrets about the price and location of a barrel full of temptation sent to me from General Ackden's homes abroad department through its associate Waterside Properties International, of Wimbledon Village.

Vineyards large and small are offered, with mouth-watering old houses, at prices ranging from below £50,000 to well over £1m. Especially attractive is a 121-acre farm in rural Gascony, with 31 acres of vines, five acres of kiwi fruit, woodland and arable. As well as the 19th century house there is a second house, perfect for holiday letting or relatives. There is a natural spring in the woodland and abundant crops. This rural bliss will cost you about £550,000.

If something a little cheaper is required about £55,000 would buy a renovated farmhouse and 15 acres of land with a small vineyard near Le Fosseux, not far from Toulouse.

But do not rush in. Some people who do not know a pinot noir from a chardonnay have tried their hand at viticulture with distinctly unprofitable consequences. One needs reserves of cash, good health and strength, plus plenty of *foie de vigne*.

Oases turn into battlegrounds

Audrey Powell on the controversy over some French golf courses

IF YOU are planning to buy a new property beside a golf course in France, perhaps you should not leave it too long.

The country now has some 410 courses and many more promised, but from being refreshing green oases in an often parched countryside, golf courses in the south seem to be turning into something of a battleground.

There are stories of Swiss, French and Japanese companies fighting over ownership, of armed guards and the mysterious ruin of part of one course when the weed killer was apparently not what it seemed. This was followed by the inevitable court action.

Now the quarrels have taken on a new dimension as environmentalists, feeling that permission to build a course amounts to consent for a housing development to pay for it, have been protesting at the growing number of courses.

Pierre & Vacances, a leading French developer and operator of leisure accommodation, obtained permission to build a 27 hole course, 50 golf villas, 180 terrace golf houses and 170 apartments, plus a four star hotel, at Gassin just outside St Tropez. Construction began and continued for a year and reservations were taken for properties.

Then the "anti-concrete", as the developers call their increasingly powerful opponents, mounted such strong opposition that permission was cancelled retrospectively by a court in Nice. The company is taking the matter to a court of appeal in Paris.

As one local agent put it: "Golf has got a little bit out of hand here."

No such problems are likely to arise at nearby Les Farcas de Beauvallon, you are assured by Hummer, the Swiss development company. Many of the 45 detached houses intended to border an extension of the nine hole Beauvallon course are already built and the first phase should be completed by the spring.

An area of 34 acres has been allocated, with 14 reserved for the extension of the existing

course to bring it to 18 holes. The houses will overlook a vineyard, the course and the bay of St Tropez beyond. But the properties have no connection with the course other than that each household will be a shareholder.

Two to four-bedroom houses are available, priced from £630,000 to £880,000. Agents are Port Grimaud Properties, on site, tel: 94 49 83 24, or in the UK tel: 0243 572001.

The houses have double height sitting rooms with four pairs of French doors. An internal patio serves as a dining room. From this a curved staircase leads to the upper floor, which only extends over part of the property. The staircase is visible through the glass wall of the sitting room.

Bedrooms, one at ground

'More variety would not have come amiss'

level, form suites with bathrooms and dressing areas. Balconies, covered terraces, an unidentified ground floor "reserve" room with walls unlined but french doors to terrace, with the patio and integral double garage, add to the feeling of space.

Each property has its deck level swimming pool (the type where water runs over the edge into a gully) and garden; which are looked after by the management. A sophisticated security system, linked to a monitoring office and regular patrols also partly account for the £7,000 to £8,000 a year maintenance charge.

The one-house design, though sometimes reversed or amended to produce larger or smaller properties, is being repeated throughout the development. More variety would not have come amiss.

Residents are entitled to join a tennis club and use a communal pool on a neighbouring development by the same company. A tunnel runs under the coast road to a sandy beach.

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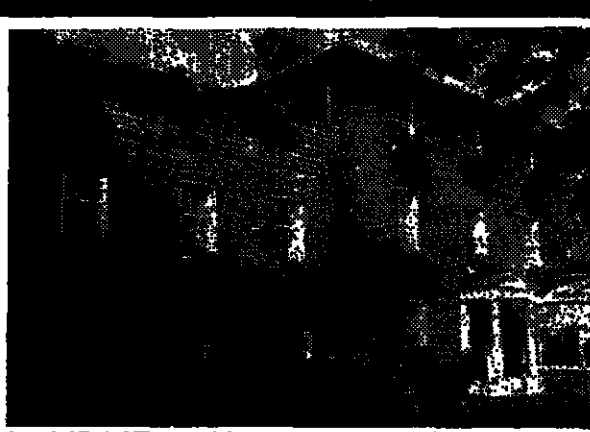
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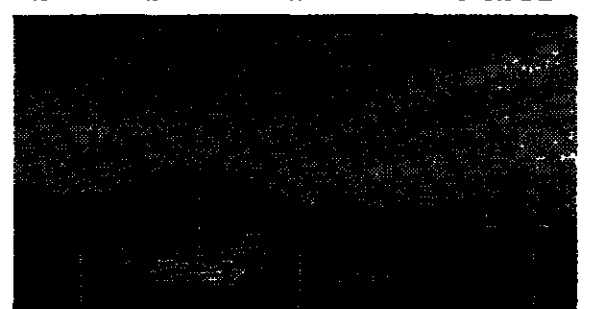
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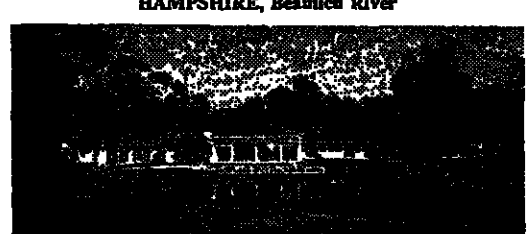
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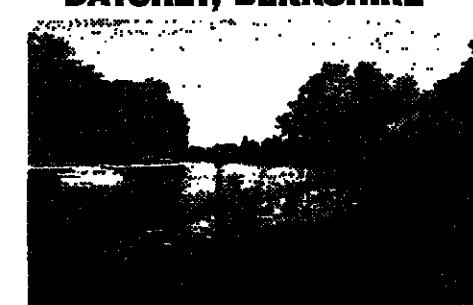


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TRAVEL

Beware what follows the fondue

James Henderson is gripped by the herd instinct in the Haute Savoie

TWO WEEKS in the Haute Savoie — the idea of going to France always strikes me with pleasure, but the light-hearted feeling is all too quickly followed by a foreboding as heavy as I know my stomach will inevitably be. Trouble is, each time I go to France the trip degenerates into a gastronomic steep climb.

The valleys of the Haute Savoie are along between the jagged lines of peaks that are thrown off by Mont Blanc. Bare rock and ice stand out above the tree line where the dark pine slopes take over and the few patches of land are clustered with farms. Traditionally, the area was always poor: the people tended vines, bees and a few cattle in the mountain grass. Nowadays the herds have been replaced by droves of skiers, and the Haute Savoie has become France's second richest department.

There was a certain herd-like momentum about our party, at least to begin with. Some charged off while the rest of us plodded behind nervously, spooked at any mogul or powder face, at the mercy of monsters that always seem to lurk in the snow. Expert skiers just glide or bounce over them, but somehow they always tip me and I spend the afternoon in the snow.

La Clusaz is a favourite with weekenders from around Geneva and Annecy. It has some demanding slopes of the main pistes and it is not as crowded as the better-known resorts nearby. It is also home to the Flying Kilometre, where men with ski and space-age helmets attempt to reach terminal velocity off a sheet of sheer ice.

A week of sun before we arrived, however, had given the snow a certain swamp-like quality — just what we needed on the first day. There were acres of slush that seemed to have grown tendrils, ready to catch any unwary skier. But the morning's momentum soon became bogged down in *tariffette*, a steaming earthenware platter, 2 ft by 2 ft, of molten

local farm cheese layered with onion and potato, dripping with *crème fraîche*, chives and garlic. Outside, two hours later, the snow was still gurgling, gurgling at us, trying to pull us down.

Soon we were deluged by sloppy snow and warm mid-winter rain. With two-metre visibility and insurmountable whiteness all around, I was not sure whether I was moving, until I went over the lip of a black run and found myself careering down a mogul-field.

We gave up and instead went to visit one of Thonnes valley's traditional dairy farms, where they produce Reblochon cheese. It was a three-storey building of weathered stone with vast overhanging eaves, where the age-old farm machinery hung to protect it from the rain. The family shares the middle floor with the herd itself (or at least the grandparents do, as the next generation has moved into another chalet: it is a profitable business).

In the loft they store the winter feed, a good insulator, which keeps them all warm until the spring snow comes out in March. It is pitchforked down twice a day to the cows. The milk is collected and then channelled into the basement to the factory itself.

In the musty cellar, cool with constant running water and the fresh smell of curd, copper vats bubbled with the fullest cream milk. The curds are collected in muslin and then packed in 6 in round moulds, compressed and stacked away to set. After a few days they are removed and left to relax, on ancient wooden slabs, and turned daily. As the rind begins to harden it is stamped with the green insignia of the Reblochon *fermier*. These techniques have supposedly not changed much since the 18th century and the delicious cheese, smooth and mellow with an ivory-yellow flesh, was said to be a favourite of Louis XIV.

Most local dishes are based on the abundant dairy products of the region, so while the white-out continued we sampled a few more, such



The valleys of the Haute Savoie are strung between jagged lines of peaks.

as *farin*, three-bite-sized portions of Reblochon enclosed in an envelope of luscious puff pastry, slightly crisped on the outside, sweating inside and fused to the molten cheese. With it came *salade savoyarde*, cold because it had been stored in the snow: lettuce, cubes of ham and local cheese and croutons, steeped in spicy vinaigrette.

When the sky finally reappeared, a snowfall had been followed by rain and then a deep freeze, turning the pistes into whole square miles of sheet-ice. There was just a dusting of icing sugar snow on which to turn, but miss that and you were doomed. People were slipping over like choreographed drunkards, in sympathy with one another, and sliding down the slope until they bumped into the chair-lift at the bottom. Feeling like a tenderised steak, I staggered in for

another *vin chaud*.

Off-piste there was a two-inch covering of ice on a foot of powder snow. *Crème brûlée* yelled a friend as he jinked past, bouncing left and right, crunching through the surface crust into the creamy powder snow beneath. I set off after him, but each time I made a turn the slope of ice would echo strangely and yawn open before taking a huge bite out of the backs of my skis, flooring me again and again. More *vin chaud*.

Muffled noises outside next morning were the first signs of a night-time dump of perfect snow. It was snow in which we could do no wrong, elastic and forgiving, acres of blinding white icing. We even forgot our customary mid-morning *chocolat chaud*.

But we made sure to try an *omelette savoyarde*, a folded pancake

of omelette gorged with grated Beaufort cheese (quite like Gruyère) and slices of potato sautéed in butter, and a side-plate of *courgettes à la crème*, washed down with some slightly sparkling Seyssel, a local wine. Around us the powder hounds were braying, pink and green streaks of waxing on their faces, one-piece skiing suits in splashes of primary red, yellow and blue. They regaled one another with war stories, and so we decided we had better follow them.

As the pack bounded off on the hunt for the best new snow, we followed them vaguely, struggling against a haze of wine and labouring against the weight of another heavy meal. Eventually we launched ourselves off a cliff into 1½ miles of the lightest powder snow, feet deep, as light as chantilly cream. "Lean back!"

they shouted, but what is the point when your centre of gravity is somewhere between your knees? I spent most of the afternoon buried up to my chest in snow, head first.

A week of sun brought the snow back to what it was when we had first arrived, a gurgling morass, awash with monstrous undergrowth. It was time for a fondue. We sat around a vast copper vat, lit underneath by four candles, bubbling with Beaufort, white wine, kirsch, garlic, spices and about a hundredweight of *crème fraîche*. Armed with long forks and a bottle of the local *Apremont* wine, we got stuck in, quickly tangling up in a web of metre-long strings of cheese.

Somewhere outside, patiently, Swamp Thing was waiting for us to venture back on to our skis.

Travel News

FORTE HOTELS, the UK's largest hotel chain, is banning smoking from the restaurants in all its 103 Heritage country-house hotels in the UK. The move is the latest response by airlines, hotels, and restaurants to meet growing consumer antagonism to smokers when away from home.

Forte has singled out the restaurants in its Heritage chain of hotels for a ban on smoking as these are less able to be air-conditioned or restructured to allow non-smoking areas. Heritage restaurant customers are told about the no-smoking policy when making a reservation and reminded at the table.

Forte says about 30 per cent of all its hotel bedrooms in the UK are designated as no-smoking rooms which guests can request on booking. This proportion of non-smoking rooms is broadly in line with other leading UK hotel chains but not in step with the proportion of non-smoking adult tobacco industry figures put this at 63 per cent.

British-based airlines have been slower than their American counterparts to adopt smoking restrictions in flight.

On international routes, smoking is still allowed in certain seats (usually at the back of the cabin) which means that other non-smoking passengers (and cabin crew) have to accept passive smoking. When checking-in, the best policy for non-smokers is to ask which are the smoking rows and then request seating as far away as possible.

Only Air Canada has a total ban on smoking on all its domestic and transatlantic flights. BA provides business travellers who smoke with their own cabin on most of its Club World flights. British restaurants are increasingly providing non-smoking areas and better air-conditioning to cope with smokers, says Tom Jaine, editor of the *Good Food Guide* (Consumers' Association, £12.95 published this week. But only a few have gone the whole way and banned smoking entirely.

David Churchill

Motoring/Stuart Marshall

MPVs — a new breed

SOMETIMES, they are a household's only transport. Often, though, they are second cars, the first ones being company saloons. They are a new breed, more adaptable to a varied lifestyle than your average family hatchback but not expensive to buy. Nor do they cost an arm and a leg to run. Inevitably, they are from Japan.

Why do the Japanese have the knack of spotting — and more importantly, filling — market niches with desirable, affordable products while the rest of the world is only thinking about it?

In the past few days, I have been driving three of them. Mitsubishi's Space Wagon and its shorter wheelbase stablemate, the Space Runner, are brand new. The Vitara, four-door automatic, is a recent and welcome addition to the Suzuki range of four-wheel drives.

Like the original Space Wagon, the new Mitsubishi are shaped like a car, not a crew bus, so even the seven-seat Space Wagon fits a normal garage. You sit quite high behind the wheel, with a commanding view ahead, but would never think you were driving a van. Which, of course, you are not.

They have a new and punchy but a five-litre, fuel-injected, 16-valve engine, with a catalytic converter, driving the front wheels through a five-speed manual gearbox. As an optional extra, there is also a four-speed automatic. In average use, either vehicle should realistically achieve around 60mpg (31.8-33.1/100km).

All-independent suspension gives the new Mitsubishi cars a shock-absorbent ride with very little roll on corners. The power-assisted steering is light for parking, pleasantly positive on the open road. The seats are softly welcoming, yet shaped supportively.

I tried manuals and automatics — if all my journeys in a Space Wagon or Runner were to be long, I would probably go for the five-speed versions. But many of these practical and useful cars will be driven during the week by young mums concerned with school runs and shopping. They may well prefer the automatics. In their place, so would I. Manual or two-pedal, they feel equally snug in town and cruise quietly on motorways.

They are notably good value. At £11,495, the five-seat manual Space Runner, with a large sliding door on the rear side for the back passengers, is cheaper than a Nissan Prairie 2.0LX (listed at £11,749) or even

'Why do the Japanese have the knack of spotting market niches?'

day sitting on the third bench. Seven up, luggage space is modest, but as a five-seater it will swallow a family's holiday kit. Fiddling with the seats turns it into a bulk carrier or even a double bed.

At 14ft 10in (451.5cm) long, a Space Wagon is slightly shorter than a VW Passat estate, only a coat of paint longer than a Ford Sierra estate. The 14ft 1in (429 cm) Space Runner is almost exactly the same length as a Ford Escort estate. It is that extra height that makes them so much roomier.

As roads get more crowded and buyers' expectations of a car's carrying capacity rise, MPVs like the Space Wagon and Space Runner can only become more popular.

Another niche market that Japanese producers have made their own is that for compact on/off-road vehicles. No, not the beefy, horsebox-pulling 4x4s like the Land-Rover and Range Rover but small ones used mainly (in many cases, entirely) as muck-bucking but roadbound runabouts.

Small sports cars long ago went beyond the financial reach of many young men and women who would have loved one. Little on/off-road 4x4s took their place. I think it was

because it seemed adventurous to leave home in a high-slung, knobby-tyred Suzuki SJ410 "Jeep" even if you were only driving an office. They have never went cross-country. But just to know that their four-wheel drive, low-ratio gears and lots of clearance would let them cope easily if they did was quite enough.

On-road performance was not up to much and the ride bone-shaking — but who cares? A little discomfort is an inescapable part of some kinds of pleasure. (Ask anyone who rides horses).

You can see why the SJ410 spawned the Suzuki Vitara. With power steering, independent front suspension and wider track, it was lighter to handle and felt more stable when used on the road as a car substitute. Producing a longer wheelbase, five-door estate car version of the Vitara carried things a stage further. I quite fell for the one I used last week.

Some have called it a mini-Range Rover. Up to a point, it is. But I think its fully-independent suspension gives it a better tarmac ride. Whether on main roads or country byways, it was hardly less comfortable than a firmly-sprung family hatchback. A slight oversteer about the steering on fast curves hardly mattered. In town, it was feather-light to drive and park.

The 16-valve, fuel-injected, 1.6-litre, 95-horsepower engine with a catalytic converter was curiously grown when accelerating vigorously, but at 70 mph there was more wind and road roar than engine noise, and neither was excessive. The four-speed automatic (actually, three-speed plus a manually-switched overdrive) with power and economy modes is self-evident.

On the road, drive is normally to the rear wheels only, but power can also be put through to the front wheels in high range (for snowy roads or sandy tracks) and low range (for rough terrain, on which the Vitara is a capable performer).

A five-door Vitara will tow 1,450 lbs. A two-door trailer would be asking too much of it, but it should manage a pony or boat trailer very nicely. The four-wheel drive would be a boon in snow, but for the rest of the year a family could enjoy its car-like comfort and moderate fuel consumption — say, 27-29 mpg (10.4-9.7 l/100km) on a run.

The five-door estate costs £11,250 with manual gears, £11,850 as an automatic.

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HOW TO SPEND IT

High jinks with the in-crowd of Houston

In the second part of her American odyssey, Lucia van der Post rubs shoulders with the cattle barons and black-belt shoppers of Texas

HOUSTONITES excel at having fun. It is all one long giddy whirl - but if, and only if, you start out right. Not invited to join the River Oaks Country Club? Unable to command the right sort of company at the Cattle Barons' Ball? Not asked to join the junior league or chair the right committee? Well, you might as well throw in the towel right now.

"Texas," one Houstonian told me, "is like a big sorority or fraternity. You've got to be accepted into it." Nowhere does this seem more true than in Houston, where the old founding families - stick together and never leave. Why should they? They have it all right there.

But these things have to be thought about early - very early. Women from the top families will even ring from the labour ward to book their new-born into Pook Corner pre-school and into Waldemar or Mystic (for girls) or Stewart (for boys) summer camps, where they can be sure that the right kind of life-time bonds will be forged.

After all, you cannot just apply to join the River Oaks Country Club - even if you can fund the \$50,000 (\$28,735) joining fee, the \$250 a month dues and the minimum bar and restaurant bills. You have to be invited - and if they don't know you, how can you be asked? Even the oil-rich Wyatts, whose house in plush River Oaks looks right over the club, have not yet been asked. "Why not?" I asked a denizen of Houston society. "We just don't want those kind of people," I was told.

But it is not all just fun. Old Houstonians are born and bred on the old frontier principle that you don't just take - you give back. More philanthropic projects are funded by dollars from Houston than almost any other city in the world. As one top lawyer put it to me: "In this town, unless you put it back, you don't play. The women, for instance, won't shop in a store that will not support certain charities."

Whereas Dallas seems green and orderly, Houston sprawls. In Texas they say that Dallas is a pretty city with a not-so-pretty inside, while Houston is a mess outside but much, much prettier within. I decline to arbitrate but whatever the truth of the matter, Houston seems to spread and spread, so it is no good thinking that you can cover much ground without a car of some sort - your own, that of a friend, or a

chauffeur limo. Valet parking is everywhere so that is one problem solved if you do decide to hire a car.

The Galleria in Houston seems much like the one in Dallas (that old rivalry again) with an Olympic-sized skating rink, Saks Fifth Avenue, Macy's *et al.* Like the one in Dallas you can stay at the adjoining Westin hotel and spend all day walking about in air-conditioned comfort. But bear in mind that here they dress just to shop.

There are a hundred and one places in which to snack or have a proper meal, and you can buy anything from a chain-store bargain (there were wonderful bargain coils when I was there) to a \$5,000 number. One excellent chain store new to me was the Crate & Barrel, selling simple, high-quality household ware. There were charming cotton check covered cushions for \$9.95 a time, glass candle holders for just \$2.50.

'In this town, unless you put it back, you don't play'

Accents has wild, wild over the top gear, some of it gaudy but some of it, like an incredible pearl-encrusted sweater, wonderful. The Broadwalk Gallery Goldsmiths had some very exciting and innovative modern jewellery. The Turquoise Lady has fine turquoise and silver pieces.

Tootsies, 4045 Westheimer, is currently THE hot fashion place. It is cool, light and airy and though quite large is made to seem intimate by giving separate space to each designer. Here you will find the big international names: Donna Karan, Calvin Klein, Ralph Lauren, Moschino, Claude Montana, Givenchy *et al.* but though you could pick up an outfit of restrained international chic you could also come away, if that is your taste, with something much brighter and brassier. Round the corner is Tootsies Takes off, where Tootsies now has a permanent sale store.

If Tootsies does not have it, then try Isabella Gerhart, 1554 West Gray. Here Barbara Bush (the Bushes spent much of their early married life in Houston and many are the Houstonites who claim to have been their bosom friends) and the black-belt-in-shopping brigade receive the most pampered of personal attention. The Camp Store at 4021

Westheimer is close to Tootsies and is a Texan phenomenon, providing essential kit for that uniquely Texan rite of passage - the summer camp. This is where you buy all that fun camp stuff for kids, which would make marvellous presents for children back home. Houston mothers buy the Waldemar, Mystic or Stewart camp colours (there are many tribes, each with its own colour), the T-shirts, shorts, sweaters and Payote Bird silver jewellery made by Indians outside Santa Fe.

Stelzig of Texas, 3123 Post Oak Boulevard, is the place to go for proper Texan leatherware - everything from belts to suede skirts, stiesons and fine saddles and boots in every skin from rattlesnake to kangaroo.

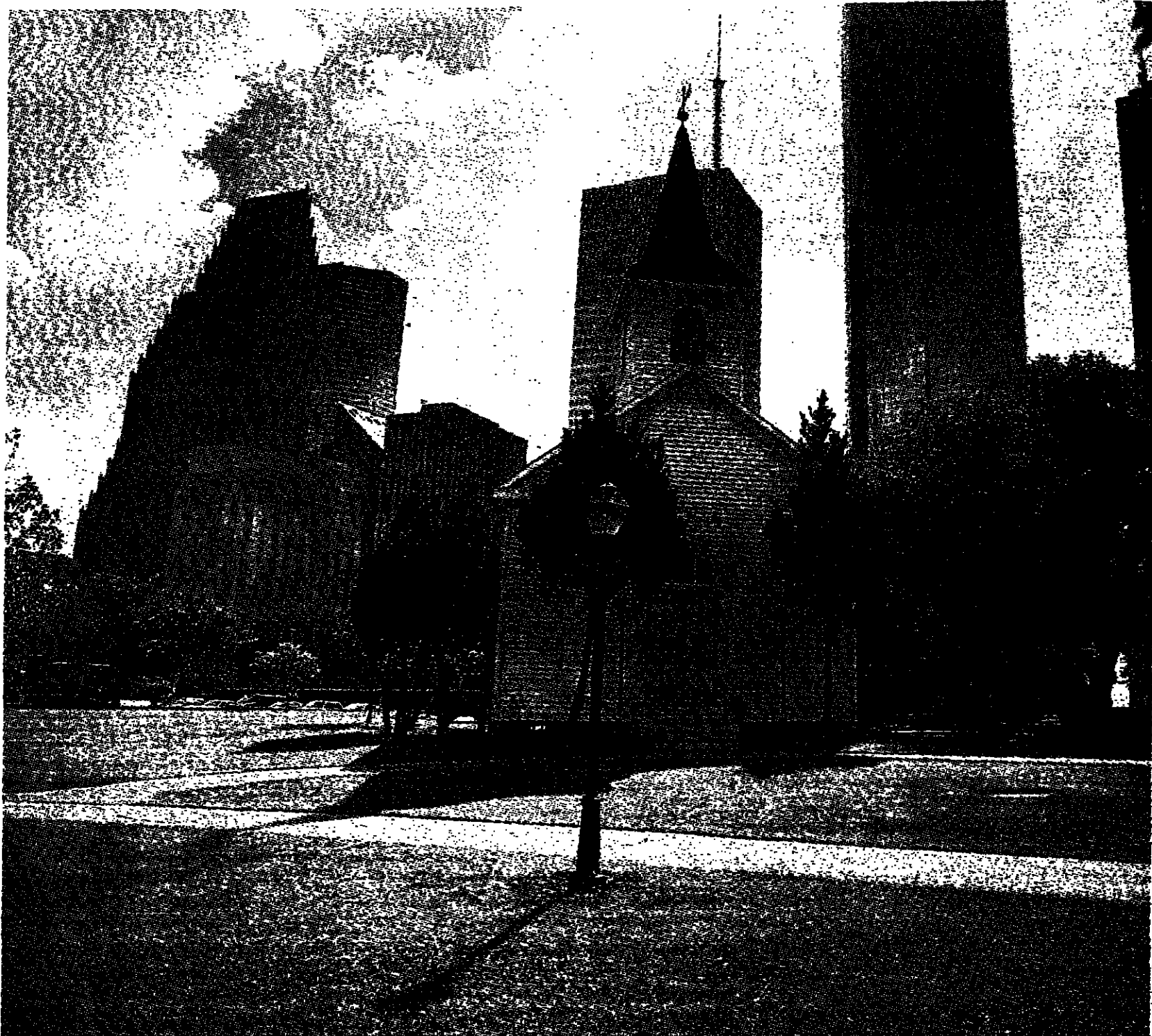
The Wooden Star, at 4344 Westheimer at Mid Lane, is good for uniquely Texan gifts and memorabilia. It also sells the King's Ranch range (see below) for those who cannot make it there in person.

The Framery Gallery, 1645 Voss at San Felipe, is a charming shop for presents - lots of all those small pretty things Americans go in for such as candles, wind-vanes, pieces of folk art, quilts and scents. Authentic Americana goods are not all that easy to find - there is lots of 1940s kitsch, relics of the drug-store culture, that sells for incredibly low prices but for good Americana you will have to do some searching.

Accenting Americana, at 44710 Morningside, had a good selection of proper antique quilts and some very nice small, almost packable, antiques. A good old quilt will cost between \$300 and \$750 but there are many in less than perfect condition that sell for much less. You just have to search around. For a list of antique shops in and around the River Oaks and Rice University area write to Diane Nauk, c/o Memory Machines, 1940 E. Allegro, Houston, TX 77030.

If you are in need of real R&R then The Phoenix, 111 North Post Oak Lane, is one of the country's grandest spas. Not cheap - but then think who you will be sharing your vitamins with...

The Houston Camera Exchange, 4014 Richmond, is a great place to buy or rent cameras, binoculars and the like. Amazingly low prices. Books and art are often good buys in the States - try The Menil Collection Bookstore (1520 Sul Ross) for inexpensive original works of art by young artists and fine art books. Harwin



Houston old and new: whether you're in the in-crowd or not, the whole city just loves to party

Drive is the place for cut-price goods, for factory outlets and the all-important bargain, but you have to be prepared to look and sift - bargains vary from day to day and shop to shop.

EATING OUT
"What do girls in Houston make for dinner?" goes the old crack. "Reservations, of

course!" So it is no surprise to find that the city is filled with great places to eat.

For a real Texas eating experience go to Goode Co. Texas Barbecue, 3911 Katy Freeway - an amazing place with great mesquite-smoked food. For a glimpse of old Southern ways, book a table at The Confederate House on Westheimer, one of the oldest restaurants in Houston. It was once a private club and is still a place where white-coated waiters linger behind the chairs and where many a big deal is clinched. It is famous for its meat loaf on Tuesdays.

One last thing - you gotta eat at Tony's. Tony Vallone is a Houston institution and though as a visitor in town you are unlikely to be given pole position - and the nuances of who is dining with whom and who is wearing what may pass you by - sit back and enjoy some special food and know that you are where it is at. Tony's is at 1801 Post Oak Boulevard.

Tony's other restaurant, The Grotto, at 3029 Westheimer, is less grand but a lot of fun, either at lunch-time or at night. Great Italian food, delicious pizzas and vast Italian-style salads.

DOWN TO THE COAST
If you are going to the coast, either to Galveston, where many a Houstonite has a beachside house, or to Corpus Christi, a charming little seaside town further along the coast, you will get something of a feel for what Texan small town life used to be. It is like revisiting a sweeter, more old-fashioned time.

Some happy rummaging for patchwork quilts and wooden spoons, for wrought-iron cribs and country-style artefacts can be had at Sister Sue and other antique and bric-a-brac shops at 4300 Block of Alameda, Corpus Christi. Totally Texas at the Water Street Market sells a mixed bag of antiques and Western artefacts, and you could eat well at either the Water Street Restaurant or the Water Street Oyster Bar.

Take a trip to King Ranch in nearby Kingsville and you will get some idea of the endlessness of the Texan landscape. Here, in what used to be known as the Wild Horse Desert, is the legendary Texan ranch founded by one Captain Richard King way back in the last century and still embodying something of the myth and spirit of Texas, as Texans know them and the world imagines them.

Here they bred Santa Gertrudis cattle and registered the first American Quarter Horse. The tour of the ranch itself is disappointing (no bucking cowboys, lots of well-fed dozy-looking cattle) but the King Ranch Saddle Shop is the real draw. It stocks marvellous leather and canvas products, from its well-known Armstrong Bag to belts and wallets, luggage tags, saddles and

boots, as well as clothing and jewellery. And you don't have to go there to buy its wares - it has an excellent full colour brochure, and ships goods worldwide. Write for the brochure to: King Ranch Saddle Shop, PO Box 1594, Kingsville, Texas.

SAN ANTONIO
Do not miss San Antonio -

What do girls in Houston make for dinner? Reservations...

home, of course, to the Alamo. Its atmosphere is quite different from Dallas and Houston - gentler, more relaxed, almost Mediterranean in style. Its days as the most hell-raising, sinful city in the West seem long gone, although you catch echoes in the bar of the Menger Hotel where in 1898 Teddy Roosevelt recruited his "few good men who can ride a horse, shoot a gun, and want to serve their country."

The River Walk, the Alamo, a walk around the fine Victorian houses built by the German bourgeoisie in the King William district, topped off with a visit to La Villita: these are all well worth doing in San Antonio.

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La Villita, which means little town, is an enchanting small area of cobbled streets and preserved houses which today plays host to a gaggle of small commercial enterprises. You can find original works of art for less than \$50, buy some hand-carved wood, fine Mexican silver and turquoise jewellery, pick up a fistful of tatty T-shirts (if you must), trowl for antiques or find some marvellous Mexican Indian wares (proper wool blankets at \$20 each, for example).

All along and around the river walk there are more shops than you will care to know about. However, there are some authentic Southern Texas (which is generally deemed to begin in San Antonio) and Mexican artefacts that are attractive and reasonably priced. In particular look out for the jewellery, the pot-

tery and some of the woven blankets and shawls.

La Mansion del Rio, just by the River Walk, is a good hotel to stay in - it has an authentic Southern, almost Spanish air (it was once a convent) and though its food is no great shakes it is within walking distance of almost everything and is very reasonably priced.

Try and go to Fiesta time in April (next year from 18 - 26) when the whole town turns out to celebrate and even the latest visitor in town gets caught up in some of the fun.

And finally... if you find yourself going further afield to Salado, a graceful one-stop stagecoach stop which is part of old frontier history, call in on Grace Jones, a one-time New York fashion model now nearly 70 who still runs her own haute couture business here.

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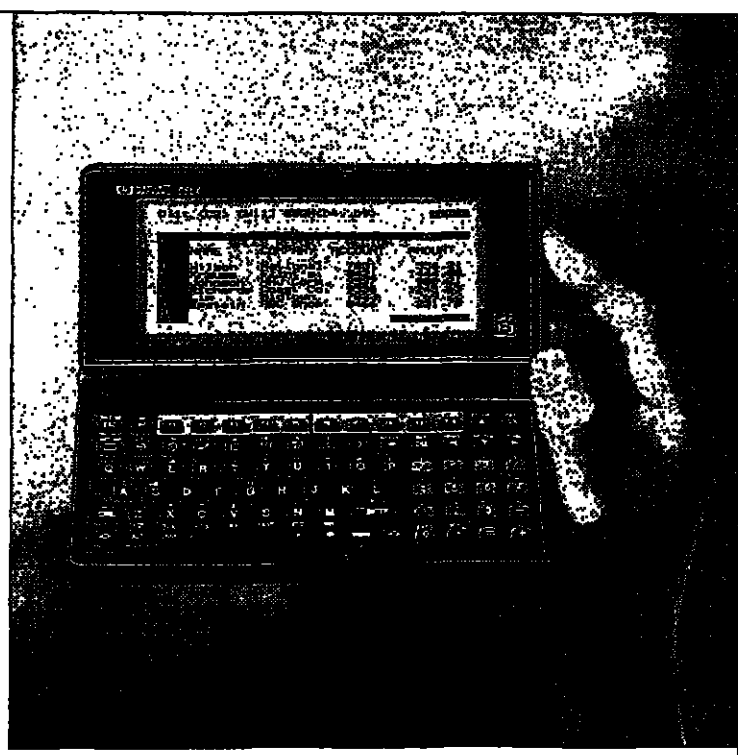
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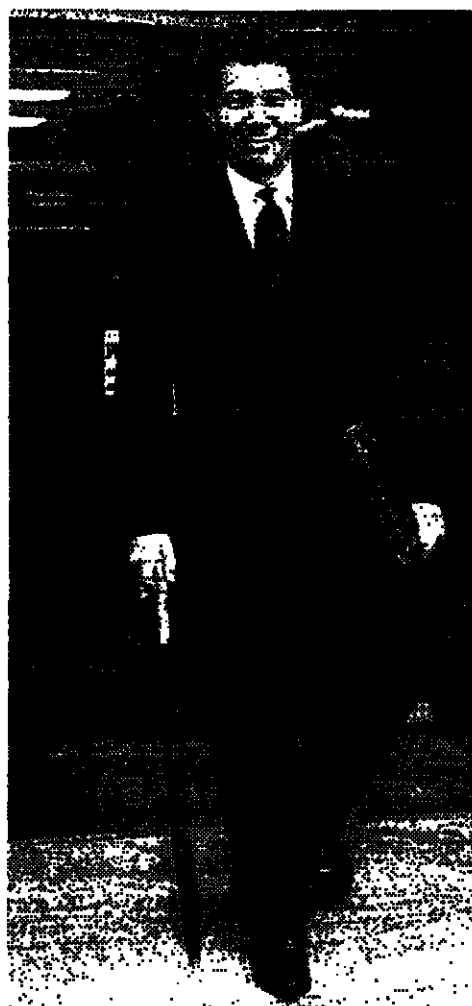
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HEWLETT PACKARD

HOW TO SPEND IT - FASHION



The rough and the smooth: the old, brutish Woodsworth (left) and the new models - chic in Gianfranco Ferre cashmere jacket, city slick in double-breasted Giorgio Armani suit and (right) sleek in Umberto Giocchetti ensemble - courtesy of Amanda Platt

A new man about town, for just £1,148

After years in Africa Nicholas Woodsworth felt out of place in fashionable London - so he visited fashion consultant Amanda Platt

"PLEASE, Lucia," I implore Ms van der Post one Friday afternoon as she tidies the litter of perfume bottles, kitchen accessories and fabric samples swamping her desk, "I'd like a word on a personal matter."

The How To Spend It editor sets down a cast-iron oven casserole to give me her full attention. "It's just that..." well, I'm not the same as other men, I need help.

I am, indeed, not the same as other men in stylish London. It is my clothes. If they do not suit me terribly well, they do not suit this city even less. Ever since I moved here some months ago, I have noticed that nothing I wear seems to fit in. My suits would have me barred from City boardrooms. Eyeballs roll upwards when I attempt casual elegance in West End wine bars. Fashionability is not something I even dream of - my own version of it would have the trappings of the advertising and PR worlds dying with boots of laughter. Getting rid of my moustache has made no difference at all. A new wardrobe is my last hope.

How desperate are my straits? Fairly desperate, as those of recently returned foreign correspondents sometimes are. These are people who wear dirty smocks from a sense of duty - the role virtually encourages the wearing of tasteless paraphernalia.

Some examples of my bedroom-closet tackiness? A cheap "24-hour suit," tailor-made on a Hong Kong stopover, that looks more as if it were made in half an hour, an Airy and

Wheeler travelling suit in uncrushable pinkish polyester, a dung-coloured banker's three-piece purchased in Kansas City 15 years ago; a flock of Hawaiian-style shirts bought wholesale in a Jakarta warehouse; a pair of Zambian army boots; socks and underwear stretched into unrecognisable shapes by Lagos hotel washing machines. The list is endless, but you will have the idea by now.

The truth is that, apart from rare attacks of impulse buying, I am just not very interested in clothes, know little about them and do not really care to know much more. My idea of shopping these days in London is rushing into Marks & Spencer, grabbing an armful of things that look all right, and getting out again before Oxford Street claustrophobia sets in. But at the same time - and I suspect, like most men - I would like to feel that I am well-dressed and look good.

"Sort me out, for God's sake," I say to Lucia after explaining all this. But, for once, the FT fashion sage cannot tell me how to spend it. Like everyone else these days, she is short of time and preparing to rush off to an airport and a distant southern destination.

Suddenly, though, a thunderbolt strikes. "I know just the person you need," she exclaims as she heads out the door. "Her name is Amanda Platt and she specialises in hopeless cases like yours. She is wonderful. Give her a ring and you'll be transformed." I did, and I was.

Amanda Platt is a professional fashion consultant. A former model and UK distributor for a Paris house of haute couture, she takes on ladies who may be formidable on television news screens or behind corporation desks but who, all the same, are lousy dressers. It is astonishing, she says, just how many professional people have not the time, the inclination or the taste to shop wisely or dress well. Amanda, however, will do it for them. Recently, she has taken to doing over men, too, and appears to be very good at it. I decide to ask her to dress me.

We whiz down to Matches of Wimbledon Village, a south-west London clothing shop that, after detailed interrogation and intimate perusal, Amanda decides is right for me. Along the way she tells me that, if she can get a man out of his office by 11 in the morning, she can have him back by three in the afternoon fully equipped with a new look, a new haircut and a new wardrobe complete right down to his Y-fronts. His wallet, of course, will also be somewhat thinner; part of its contents will have gone to Amanda's £200 consultation fee.

That sounds like quite a lot for telling someone what to wear with what shirt, and I tell Amanda so. "Absolutely not," she replies. "In the end, I will save you a good deal of money. You would make expensive mistakes buying a new wardrobe; I won't. I've

been in the business for years, got a good eye, know all the shops, and know what kind of clothes go with what kind of people. Do you?" I have to admit that I do not.

Amanda says she simply provides a service for busy people but, if you allow her, she will get right down to the nitty-gritty. "At the outset, I give clients the choice: do you just want me to go out and buy some clothes with you, or will you allow me to let loose and tell you exactly what I think of the way you look and dress?" I consider for a few seconds. Can it be that bad? For £200, why not get the whole picture in

detail? It is that bad. "Look at yourself," Amanda says in Matches, placing me in front of a full-length mirror. "You've got something of the criminal element, something of the brute about you. What we need to do is soften and civilise you." I nod my head. I knew it all along.

And so, for three hours, I am softened and civilised. Amanda commands, Tom and Oliver - Matches' hospitable staff - execute, and I transmogrify rapidly. It is a strange and rather pleasant sensation.

David, from the hairdresser down the high street, comes in,

snips away and, in three minutes, has me feeling very trendy. Then Amanda puts me into the kind of clothes worn by advertising executives who sneer at people like me. "You could get away with this in Paris or Rome, but probably not here," she says as I slip into a £490 Gianfranco Ferre black and white double-breasted cashmere jacket and accompanying duds - Ferre black wool trousers (£175), a John Smedley merino wool turtleneck (£155), a £100 silver-buckled belt by Serge Entmasser, and black suede lace-ups of the brogue-creep type.

"Most Englishmen are leary of dressing too fashionably like this," says Amanda. "It is considered rather vulgar, a bit flash, to be too well-dressed." I walk around for a while on the footpaths of Wimbledon and end up agreeing with most Englishmen - these clothes may be expensive but they make me feel a bit cheap and untrustworthy.

We try, for comparison's

sake, the other extreme - I become a boardroom banker of conservative good taste. At Amanda's bidding, I put on a Giorgio Armani grey wool suit (£580), a Cerruti cut-away rib cotton shirt (£94), and a Cerruti silk tie (£245). The belt, by Gianfranco Ferre, is only £65 this time but the saving is cancelled by an Il Bisonti document folder for £115.

It all makes me feel highly trustworthy and capable of walking into any boardroom in the land. But who spends all his time in boardrooms? For our third and final shot, I ask Amanda to fit me out with a wardrobe that is versatile, comfortable, casually elegant, and brings out the real person lurking behind my brutish exterior. I make one further stipulation: it all has to cost less than £1,200.

Amanda runs her knowing eyes over stacks of shirts, racks of jackets, rows of trousers and coats. For me, the choice would be quite literally agonising, and one that I might

not begin making before next Tuesday, if at all. But, in minutes, she has assembled a wardrobe that has made a different and happy me.

I am, it appears, an Umberto Giocchetti man. The Italian designer provides me with a cashmere/wool jacket for £350, a wool shirt for £150 and wool trousers for £135. Amanda's other choices are an Il Bisonti plaided belt (£55), a TSE cashmere hand-knit sweater for £255, Byblos cord trousers for £70, a £38 Missoni tie, and underwear by John Smedley (socks £10, boxer shorts £27, T-shirt £20). Total cost: £1,148.

ADDRESSES

Amanda Platt may be contacted at 28 Holland Park Avenue, London W11 3QU, tel: 071-229 8108. Her £200 consultation fee includes the right to seek clothing advice from her for one year following wardrobe purchases.

Matches (38 High Street, Wimbledon SW19 5BY, tel: 061-947 0707) is one of a number of men's "one-stop" fashion shops recommended by Ms Platt. Others include bespoke tailor P.A. Crews, of 11 Ludgate Square, EC4M 7AS, tel: 071-489 9418; Agnes B, 111 Fulham Road, SW3 6RL, tel: 071-225 3477; Joseph, 77 Fulham Road, SW3 6RE, tel: 071-823 950; Emporio Armani, 157/81 Brompton Road, SW3 1NE, tel: 071-823 8818; Kenzo, 28 Brook Street, W1T 2PD, tel: 071-408 1822.

For younger men and thinner wallets, Amanda recommends the following: Hacketts, 65a New King's Road, Fulham, SW6, tel: 071-731 2780; Woodhouse, 411 Oxford Street, W1R 1FG, tel: 071-623 2077; Next, 48 Cheapside, EC2N 6AT, tel: 071-249 0222, and other high street locations.

Nicholas Woodsworth's hair was cut by David of Koo, 19 High Street, Wimbledon, SW19 2JE, tel: 081-546 9684. Ms Platt highly recommends Aldo at Scissor's Palace, 122 Holland Park Avenue, W11 4UA, tel: 071-221 4004; and Paul at Edmond's, 40 Beauchamp Place, SW3 1NX, tel: 071-589 5958.

How to Mend It

Hit the trail in good repair

STRENUOUS sport, rough games and outdoor activities can take their toll on clothing and equipment, but if you are fond of a tennis racket or have broken in a rucksack you may well prefer them to shiny new replacements. Here are some companies that can come to the rescue.

Berghaus, Unit 1, Stephenson Industrial Estate, District 13, Washington, Tyne and Wear, NE37 3HR. Tel: 061-415-0200

Rucksacks, anoraks, hagbols and waterproof leggings can be repaired by Berghaus for a fraction of the cost of buying new. Berghaus operates a postal repair service, with prices including return postage and VAT, as well as a mail order service for buying new. Rucksack repairs range from replacing a missing buckle to replacing the whole back, and can cost between £11.75 and £28.

If you have been unlucky enough to fall off a mountain taking your rucksack with you, rebuilding it will cost between £20 and £40. Gore-tex clothing can be patched for £15.95 or receive new sleeves for £35.25, while Fulerwear items cost £11.75 for patching, £35.50 for panel or sleeve replacement. Re-sanding gutters - replacing the rubber band on the bottom - costs £14.95 a pair.

Len Smith, 35-40 Heath Road, Twickenham, Middlesex, TW1 4DB. Tel: 061-982-2201. The tennis pros often rely on Len Smith's ace restrainer John Eisses, and you can too. He will restring squash, badminton

or tennis rackets from £29.95 using synthetic string. Retaping handles costs from £2.50.

Nautilus, 197-199 Mare Street, London, E8 3QF. Tel: 061-985-0752. Nautilus says it is probably the largest stockists of spare parts for diving equipment in Europe. It can repair "virtually anything" that is available in the diving equipment field, and will tell you whether it is economical to do so. Snorkel masks needing a new strap cost between £1.50 and £2.50. A replacement snorkel lock - which attaches the snorkel to the mask - costs about 75p, while the "quick release" version is priced at £2.

If you have lost a flipper, Nautilus might sell you one to replace it, but only for more expensive pairs. Its on-site calibration service for depth gauges costs £2.50, while a full service for regulators costs £18. Items come for repair by post from as far away as Australia.

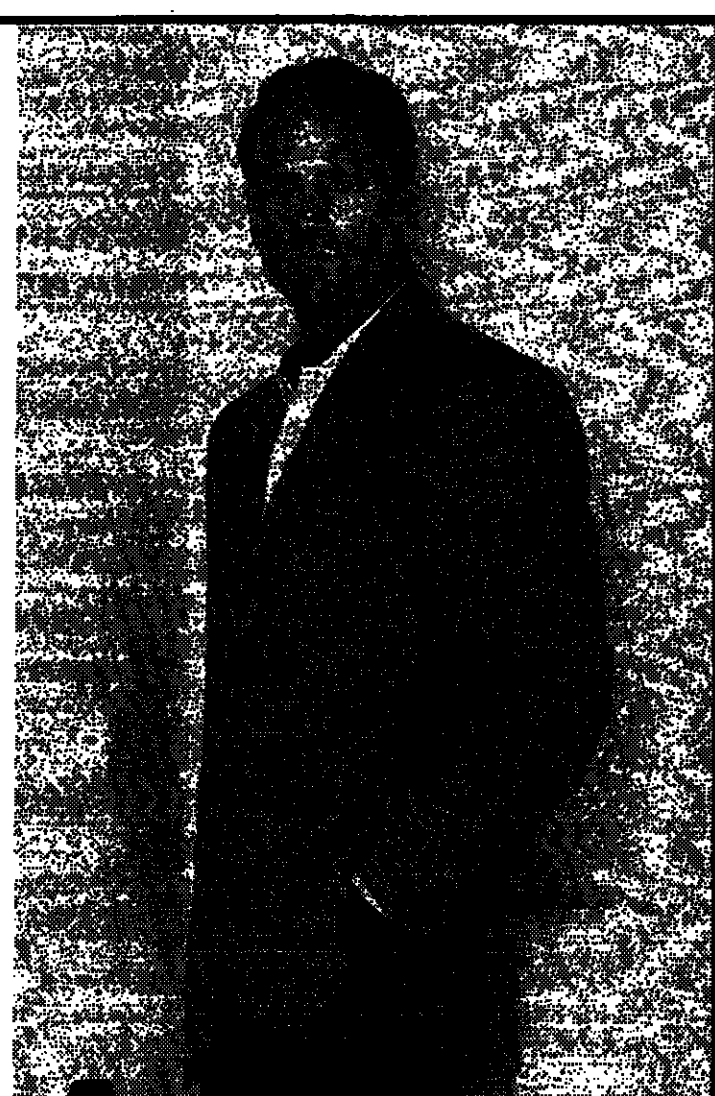
Cheshire Shoe Repairs, 43 Folly Lane, Warrington, Cheshire, WA5 5ND. Tel: 0925-414945. Trainers needing new road soles cost £3 a pair, with an extra £4.75 if new mid-soles are also needed. Walking boots will set you back £20 a pair for new Vibram soles, plus £7 for re-midling. Resoling rock boots costs £18 a pair, while re-randings them costs £25. They also patch boots, and can replace eyes from £1.50. Postal orders come from across the UK and from continental Europe and work takes about a week.

Hilary de Boerr

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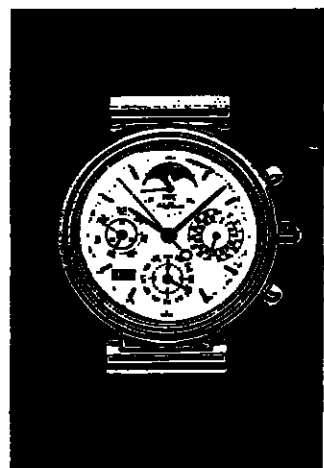
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BOOKS

Past master of the vanishing trick

Anthony Curtis considers an honest author but an elusive man

THE EARLIER biography by Bernard Crick, *George Orwell: A Life* (1980) was also "authorised". Sonia Orwell, his widow, and executor, authorised it but when she discovered the kind of book Crick was writing about her husband she tried, unsuccessfully, to de-authorise it. After he had studied the material for some time, Crick, a professor of politics by profession, came to the conclusion that to write a biography of a man as complex as Orwell was really impossible. He explained - and Michael Shelden, Orwell's latest biographer agrees - that Orwell liked to keep his life in watertight compartments. You could know Orwell and be on quite intimate terms with him and yet have no idea who his other

played an important part at the end of Orwell's life when he was working regularly for the *Observer* and who was present in 1950 at the bedside wedding of Orwell to Sonia Brownell, when the writer was dying of TB in a London hospital.

Here, then, in full is the progress of Eric Blair (his birth-name) from his obscure background as the sickly son of a retired opium inspector in the Indian Civil Service to the universally acclaimed author of *Animal Farm* in 1945. Stages on the way include St. Cyprian's, the prep school which translated the experience into a new kind of book. It won him his early recognition. Shelden describes Orwell's uneasy relations with Victor Gollancz, his publisher, who was for ever demanding alterations, both on grounds of libel and to accord with VC's Soviet sympathies.

The young Orwell did most of the things that struggling writers do: he kept going, working in a bookshop, teaching, reviewing, sponging and scrounging, and, as fast as he could live it, putting his precarious existence into autobiographical novels. He was too honest to invent much. What he saw was enough for him, particularly when he journeyed up to Wigan to investigate life in the pre-war north among a mining community; and when he went to Spain to explore the horror areas of the International Brigade and in the ranks of POUM, a breakaway socialist movement.

Shelden is revealing about Orwell's courage and coolness under fire. He also goes - as did Crick - carefully into the confused sequence of events by which POUM was sold down the river by the Communists and its leaders sent to prison. It still remains a thoroughly murky business, but it was the disillusionment brought on in Orwell by this betrayal that led to the masterpieces. After that,

ORWELL: THE AUTHORISED BIOGRAPHY
by Michael Shelden
Harcourt £18.50, 564 pages

men and women friends, or his professional colleagues, were. All a biographer could do, said Crick, was to give a series of often contradictory vignettes of Orwell as he appeared at different times to different people. If you read as many literary biographies as come my way for review, you soon realise that that conclusion applies not merely to Orwell but to many other writers as well.

The book resulting from Crick's investigation was full of interest, but did not satisfy the needs of the ever-growing band of Orwellians who required the story of their hero's life told in a coherent narrative. Sonia Orwell died shortly after Crick's book was published, and Mark Hamilton, the literary agent, became executor of the Orwell estate. Hamilton, impressed by the reception given to the book, *Friends of Promise: Cyril Connolly and the World of Orwell* by Michael Shelden, Professor of English at Indiana State University, took the decision to authorise him to write a fresh and more accessible biography. It was a good decision and it has produced a good book.

Shelden writes clearly and insightfully and he has been conscientious in his research. He has had access to the extensive Orwell Archive at University College, London, and for oral tradition about Orwell has cast his net widely. Although by the time Shelden started work most of Orwell's colleagues on *Tribune* were no longer alive, Shelden was able to interview David Astor, who

Orwell had several more roles to play: his wartime career included a command in the Home Guard and talks producer for the BBC World Service Indian section. On the domestic front, after making a number of proposals that were turned down, he married Eileen O'Shaughnessy, an Oxford English graduate and student of psychology. As the shopkeepers of a village store the couple more or less acted out Shaw's comedy *A Village Wooing*. Orwell wanted them to have a child, but he seems to have been sterile and they eventually adopted a son. Then they became exiles on the Isle of Jura, tending goats and sheep when not writing and studying. This was a reaction to the superhuman efforts Orwell made as a London-based journalist, writing 150 reviews in one year, as well as his "As I Please" diary-type



column for *Tribune* and long brilliant articles on popular culture. Much of this output was reprinted in the *Collected Essays, Journalism and Letters*, but that is now being superseded by *The Complete Works*, nine volumes of which have already appeared, the remainder being scheduled for publication in 1993. Orwell would have been amazed and delighted by such scholarly attention. He died in 1950 before he could fully enjoy the rich harvest of 1984.

All the facts are here, readably related, and yet... and yet... Once again, we feel the fellow has done his vanishing trick and has eluded us. At a certain point Eric Blair turns into George Orwell and we never quite understand why or how. It was one of several flaws in the novelists' *As I Please* he sent to Gollancz. Another was H. Lewis Allways. Gollancz plumped for

Orwell and it stuck. It was not mere chance; the change of name signified a complete transformation of his personality, as complete as Conrad's when he adopted his authorial English name. Both men had been loyal and successful servants of British imperialism - Conrad in the Merchant Navy, Orwell in the Burma Force. Both saw the fatal flaws in the paternalism of which they were the instruments. Both turned to the English language to reveal how the system worked in practice. Unlike Conrad, Orwell had a native ear for the language which he refined in the direction of greater simplicity, directness and honesty. The story of how he did it still remains to be told. This book may for the moment be the "authorised" biography, but I do not think it will be the last.

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Circumnavigating Columbus

As the quincentenary year draws closer, Andrew St George finds the seas somewhat crowded

IN 1484, Christopher Columbus wanted to sail west from Europe to reach Japan. In 1492 he tried, failed, and on October 12 stumbled across the Bahamas. The Columbus story compels because it fits a moment in history where technology, economics and imagination produced a leap of faith. Columbus had read Cardinal D'Ailly's *Imago Mundi*, Marco Polo's *Travels*, and *The Travels of Sir John Mandeville*; from these he guessed the scope, opportunity, and wonder which the New World promised.

Columbus was born in Genoa (1451), was shipwrecked in Lagos (1476), married a Portuguese aristocrat (1479), moved to Madeira (1480-82), petitioned unsuccessfully in Lisbon to fund the voyage west, and left Portugal in 1492 after his wife's death. In Spain, he was housed by friars near Palos; he lobbied the Spanish monarchs at Cordoba in 1486, but it was not until 1492, after the Battle of Granada, that a new Spain freed of Moors breathed a Westward sigh which filled Columbus's sails.

The Columbus archives consist of three dozen major contemporary documents (mostly in Seville and Genoa), two books (a biography by Columbus's son, and *The History of the Indies* by Bartolome de Las Casas), and an increasing number of contemporary accounts. These originals have spawned an armada of biographies, histories and fictions; in 1982 the Columbus seas are somewhat crowded. Charting their way through the data are Hunter Davies, Stephen Greenblatt, and tangentially J.H. Elliott, charting their way along Columbus's Atlantic route are John Dyson and Robin Knox-Johnston.

Hunter Davies's *In Search of Columbus* amounts to two books: one is a lucid account of Columbus's origins in Genoa, his eight years' petitioning in Portugal and lobbying at the itinerant Spanish court; the other is a lightweight but diverting Columbus update which takes Davies to Italy, Portugal, Spain, the Bahamas, Haiti, Venezuela and Jamaica. As a history, this is accessible and unpretentious; it gives a traditional view of Columbus stepping Westward into a sunset of fame and burgeoning trade. Davies honestly squares up to the Columbus conundrums: how did he learn navigation? what kept him en route

IN SEARCH OF COLUMBUS
by Hunter Davies
Sinclair-Stevenson £16.95, 308 pages

MARVELOUS POSSESSIONS: THE WONDER OF THE NEW WORLD
by Stephen Greenblatt
Clarendon Press £22.50, 302 pages

COLUMBUS: FOR GOLD, GOD & GLORY
by John Dyson
Hodder & Stoughton £19.95, 238 pages

THE COLUMBUS VENTURE
by Robin Knox-Johnston
BBC Books £15.95, 308 pages

THE HISPANIC WORLD
edited by J.H. Elliott
Thames & Hudson £28, 272 pages

in the Canaries? - besides the aristocratic charms of Beatriz de Bobadilla. Stephen Greenblatt and the six researchers who helped revive his 1988 Carpenter and Clarendon lectures start with Columbus and finish, inevitably, with Montaigne's wonderful "Of the Cannibals". Greenblatt's capacious mind has circumnavigated the Renaissance world in his excellent *Shakespearean Negotiations*, but in *Marvelous Possessions* he hardly clears the harbour.



Christopher Columbus

Where he concentrates on the technologies (ships, arms, writing) used to legitimate Europe's claim to the newly discovered land, his writing teems with apt insight. But elsewhere his concerns, frankly scholarly, run adjacent to the thrust of history: He hears Columbus's founding speech in the New World as "a misfire, a misdirection, a misapplication and a misexecution." "Aye," as Samuel Purchas says in his 1625 *Pilgrimage*, "And what then?" The more practical John Dyson crossed the Atlantic in a replica of Columbus's *Nina*. In *Columbus*, he recounts the well-known Columbus prehistory, explains the navigational equipment available, explains the probable landfall (Grand Turk Island gets its vote over San Salvador and Samana Cay), and muses "It is possible that the world's greatest discoverer lies buried beneath a billiard hall in a cave that how stands on the site of the old convent" in Valladolid (Spain) where Columbus died in 1506. This is beautifully illustrated from contemporary sources and current photographs (by Peter Christopher) on paper which must make those New World rain forests shake with fear.

The most tangible of the bunch is Robin Knox-Johnston's *The Columbus Venture*, which records his single-handed voyage tracking Columbus's original route with only an astrolabe, a quadrant and a non-corrected compass. Dead reckoning from the course steered and distance travelled allowed Knox-Johnston, like Columbus, some certainty of latitude but not longitude; in the end, he was 24 miles out over the 3,000 mile voyage to San Salvador. He gives a real sense of the practical considerations Columbus faced, and keeps closely in touch with Columbus's log-journal, the *diario*.

Columbus returned three times to the New World. The after-history in the Americas is familiar; so *The Hispanic World* (edited by J.H. Elliott), a profusely-illustrated collection of essays from scholars worldwide, should have felt free to explore, particularly in South America. Amazingly, Bolivia, Colombia and Ecuador together receive barely a dozen references. Simon Bolivar was right, in getting rid of European influence he had merely "ploughed the sea."

A sensationalist in fact and fiction

THE new biography of Wilkie Collins by Catherine Peters, *The King of Inventors*, is a wonderful case study in Victorian morals. The popular novelists of the day, admired and envied the unhampered freedom of the romantics of the previous generation, sometimes flirting with a little mild Byronicism in their youth. At the same time they were acutely conscious of a social responsibility. They felt they had power to shape the attitudes of their readers, and they were determined to defend the hard-won victories of respectability over corruption. The result was a kind of institutionalised hypocrisy.

Dickens, concerned though he was to promote further reform, took great care not to shock his readers beyond a certain point of tolerance, particularly in matters of love, sex and family. The conventional fictions of virtue triumphed, of pure submissive women and of sweet sentimental domesticity, were safe in his hands. In his private life he might go whoring and enjoy a long affair with a bimbo actress, but publicly he continued to present himself as a respectable family man, and his portrait continued to hang in innumerable parlours as inspiration for old and young alike.

Wilkie Collins, his close friend for many years, often went travelling with Dickens, exploring the nover areas of London and elsewhere, observing and occasionally sampling. Both men were masters of the long serialised novel. They knew how to keep readers in suspense from week to week, waiting for the next, as yet unwritten chapter, and they were skilful at adapting real life experiences. One reason

called him affectionately in recognition of his lack of pomposity, comes over as a likeable man. While never flaunting his irregular life or shouting defiance, he remained determinedly exempt and, contrary to all expectation, he suffered only minor inconvenience as a result. In his novels too Wilkie Collins ignored the normal pieties. He wrote perceptively and sympathetically of cold marriages, of dishonoured women, and of gender ambiguity. In his families unwanted relatives of packed off to the colonies or immured in lunatic asylums. Crime, especially white collar crime, often does pay, and his unforgettable villains not only feel no remorse, they positively enjoy the fruits of evil. Wilkie Collins was the first novelist fully to exploit the potentialities of crime. The

THE KING OF INVENTORS: A LIFE OF WILKIE COLLINS
by Catherine Peters
Secker & Warburg £20, 498 pages

why their stories make such excellent television is that they were originally written in episodes. But Wilkie Collins took a different stance. He too, after the huge success of *The Woman in White*, was a public figure with a watchful readership, but he cared less for conventionalities and appearances. He lived openly for many years with a woman without undergoing the ceremony of marriage. Later he maintained two households with less trouble, it would seem, than most men find in one. He appears to have been largely free from a sense of class. Wilkie, as everyone

known to him, Franz's father was in the SS, a right hand man to Heydrich and Eichmann, although he pretends now to be a simple engineer. Beck's was a Jewish economist, high up in the administration - perhaps even a collaborator - until he was sent to Auschwitz. The charges of the two old men getting on together are remote, to say the least. As it happens, Beck's father is blind now and never sets eyes on Franz's at all. But he recognises the voice at once. Hesitating for only a moment, he reaches for the phone and rings Tel Aviv. The Israelis kidnap Franz's father - just as they did Eichmann, who also was betrayed by his voice - and put him on trial in Jerusalem. He is hanged, but not before giving his blessing to the marriage between his son and the daughter of the man who betrayed him.

It is a powerful story, far more subtle and ambiguous than a brief outline might suggest. There is plenty of good in the Nazi, plenty of bad in the Jew. Neither has a monopoly

can accord was shattered and was only nominally restored thereafter by allowing each party to go his own way. Despite liaison between the SIS and CIA - the complexities of which occasionally elude Mr Lucas - the former's officers and agents in Egypt were not only slow in the early 1950s to acquire intelligence about the extent of support for Nasser but failed to put their masters in London fully in the picture once it had become clear and detailed. As a result, some impracticable schemes for a coup against Nasser (even his assassination) received Eden's approval, and were only thwarted, it must be said, by the advent of a new "C" in the summer of 1956 who knew, to recollect the words of his Deputy - and on this occasion antagonist - that "bugery was not on the agenda". Eden pressed ahead nonetheless, to his destruction and to a fate which, 35 years later, arouses some compassion for a man who became the victim of both circumstance and temperament.

William St Clair

Fiction Demons from the past

ALLAN MASSIE has had the sort of reception for *The Sins of the Fathers* that most novelists can only dream about: a controversy at the Book Club, a judge storming out, dozens of articles in the press, even a solemn editorial or two. His publishers could hardly have hoped for more. It is a storm in a teacup however, because, although the book is good, it is not necessarily good enough to displace ideas at that. But ideas are not in fashion with the Booker judges this year.

The story opens in Argentina in 1954. Two families of German expatriates - one proudly Aryan, the other half Jewish - have come together in the form of handsome young Franz and his girlfriend Becky. They want to get married, which means that their parents will have to meet each other and confront the demons of the past.

Unknown to him, Franz's father was in the SS, a right hand man to Heydrich and Eichmann, although he pretends now to be a simple engineer. Beck's was a Jewish economist, high up in the administration - perhaps even a collaborator - until he was sent to Auschwitz. The charges of the two old men getting on together are remote, to say the least. As it happens, Beck's father is blind now and never sets eyes on Franz's at all. But he recognises the voice at once. Hesitating for only a moment, he reaches for the phone and rings Tel Aviv. The Israelis kidnap Franz's father - just as they did Eichmann, who also was betrayed by his voice - and put him on trial in Jerusalem. He is hanged, but not before giving his blessing to the marriage between his son and the daughter of the man who betrayed him.

THE SINS OF THE FATHERS
by Allan Massie
Hutchinson £13.99, 299 pages

LEONARD'S WAR
by Alan Sillitoe
HarperCollins £14.99, 237 pages

COGS TYRANNIC
by John Arden
Methuen £14.99, 427 pages

MAINLAND
by Robert McCrum
Secker & Warburg £13.99, 345 pages

of right or wrong. The children too are all mixed up, suffering for what their parents have done. Massie draws no moral, but leaves his readers to make up their own minds, uncomfortable with the thought that there but for the grace of God go the rest of us as well. *Leonard's War*, by Alan Sillitoe, is a relatively slender work by comparison, although agreeable enough. It tells the story of a middle-aged widower from Nottingham, veteran of the First World War, who works on the railways during the Second, and spends his spare time pursuing the amorous Sophie. Sophie is warm and loving, but very free with her charms. Leonard's daughter walks out on her when she moves in. Undaunted, Sophie brings her own son with her, a feckless deserter from the army. Leonard watches helplessly as the son turns to crime while Sophie goes out night after night, earning a living the only way she knows how. He would love to get rid of them both, but can't bear to see Sophie go.

It is a neat tale, harking back to the Nottingham of the author's youth. The war is only a backdrop to the more serious business of love and betrayal. Sillitoe writes with great insight, but without the bite, it has to be said, of *Sunday Night and Sunday Morning*, or even *The Loneliness of the Long Distance Runner*. John Arden's *Cogs Tyrannic* seems a little daunting at first glance, partly because of the

title (a quotation from Blake), partly because of his introduction, which is more philosophical essay than entertainment. Don't be put off though, because the four stories here are really very imaginative, a highly absorbing read. There are set in the past. The first charts the career of a scribe in ancient Egypt, sent to Alexandria to investigate a claim by sailors that they travelled round Africa from the Red Sea, and that for much of their journey the sun shone from the north - heresy to a sun-worshipping people. The sailors are foreign, led by a Greek named Oxyrhynchus, and clearly not to be trusted...

The second story is set in medieval Germany, where the female heir to a printing press struggles to produce a great humanistic work against the resistance of her father, the Duke of Wellington and Fanny Kemble attempting a clandestine love affair at the opening of the Liverpool to Manchester railway, while the fourth deals with a mysterious poem left behind by a British soldier killed in Northern Ireland. What they all display in common - the first three especially - is the author's remarkable ability to recreate a sense from the past and drop the reader right into it as if it was happening before his eyes. This is a rare talent among modern authors, a skill much to be envied.

Robert McCrum's *Mainland* is set firmly in the present, an enigmatic thriller in which no country is mentioned by name, although the Mainland is obviously Britain, and the "occupation" Northern Ireland. Troubleshot Stephen Mallory is commissioned by a rock star to assess the chances of making a pop video in the province. He is opposed by a local man, his rival in love, who struts up a Paisleyite preacher to denounce the rock star's homosexuality. Violence follows, and sudden death. McCrum unfolds the tale with skill, but his overall approach is too cryptic at times to be entirely convincing.

Nicholas Best

Why America wanted Nasser down but not out

DIVIDED WE STAND: BRITAIN, THE US AND THE SUZ CRISIS
by W Scott Lucas
Hodder & Stoughton £25, 399 pages

case - fundamental Middle East policy disputes aside - reflected his almost frantic determination to match Churchill in leadership: his half-conscious awareness that he could not do so; his worsening health; and above all, a nature so sensitive to real or imagined threats that his rival R.A. Butler, feline as always, but on this occasion cruel, described him as "half mad baronet, half beautiful woman". This reference to Eden's complex family background is relevant here as indicating how unable he was to stand up to a team of very tough operators in Washington, who knew exactly what they wanted for the US in the

Middle East: to kick Britain out of it. The key quotation in Mr Lucas's account is this: "The Foreign Office did not realise that the matter of British and US relations with a newly-nationalist Egypt) was in the hands of the CIA, who had no desire to be rid of Nasser". For the CIA read the State Department and, indeed, the US administration as a whole, led rather negligently by Eisenhower, a president more than willing to delegate foreign policy making to John Foster Dulles and execution to his brother Allen, director of Central Intelligence and an immensely more experienced Washington hand than the Secretary of State. Ostensibly, and in Operation Omega, Washington and London were agreed before "Suez" in cutting Nasser down to size, as a dangerous fellow who could harm an Anglo-American

"presence" in the Middle East by susceptibility to Soviet cold war machinations. Hence illusions in the Foreign Office, indeed in Eden's Cabinet, about accord with the US. The reality was very different, although it did not finally dawn on Eden, his colleagues and subordinates until Musketier was actually mounted. The Dulles brothers wanted Nasser "in place" because, on the basis of intelligence acquired by the CIA in Cairo, he was thought in no way to threaten the one overriding US interest in the Middle East - access to cheap crude from Iran and Saudi Arabia. US Middle East policy from at least the 1930s had been to offer concessions to nationalist demands; Britain's to withhold or deny them. In effect, US policy encouraged nationalism in the area, Britain's opposed it. Nasser was the rock on which a purely national Anglo-American

Anthony Verrier

America is celebrating its discoverer. Paula Deitz reports

ARTS

Image of fin de siècle Paris

William Packer admires the work of Toulouse-Lautrec

HENRI de Toulouse-Lautrec was an artist of singular gifts in a Paris full of the most remarkable talent. Yet though his reputation is secure, it is not altogether unclouded. To be born to privilege and yet have such privilege qualified by grotesque debility is a hard fate. To be blessed then with the means to transcend that fate, only to have the full opportunity withheld by illness and early death, is harder still.

Thus to go round the exhibition of his work that has just opened at the Hayward Gallery in London (until January 19), then to the Grand Palais in Paris: sponsored by Pearson's, is to be at once exhilarated, inspired and deeply saddened. One can die before one's time, with all that promise unfulfilled, the great work unaccomplished: with Lautrec, as with Van Gogh, the miracle is only that so much was done.

And as with Van Gogh, the circumstances of the life are so remarkable that the biography almost takes over from the work. But it is the work that counts, and work not as document or record, but as art: physical marks laid as may be on paper and canvas.

Lautrec, more perhaps than any of his contemporaries, epitomises in his work the very image of fin de siècle Paris: the clubs, cafes, cabarets and maisons closes of bohemian Montmartre. His story as habitude of brothels and sympathetic intimate of whores and bawds is known well enough, but he was never a sociologist. Fascinating though his work may be as evidence, he was making no political or social comment, but only registering a world he knew and accepted for what it was.

It is this quality of acceptance that is remarkable - a common, decent humanity and fellow-feeling that inform his every image of women, whether of prostitutes relaxing together, milliner engrossed in her work, friend with her box of face powder, or model sitting skimpily on the studio floor. Even the openly exaggerated images - the whore in her fiery at the Rat Mort or poor, skinned la Goulue, which may be taken as open satire or caricature - return us immediately to a recognition of particular humanity. The many drawings and studies for posters and portfolios of prints are especially direct and poignant

in such immediate sympathy. This exhibition is not especially large, but then the painting oeuvre itself is not especially large. Lautrec died in 1901 at the age of 36 and his mature career had extended over barely 15 years. Much of his time had been taken up with graphic work, print-making, poster design and illustration and was in any case much interrupted by illness. A great number of the prints and posters, along with their studies and working drawings, are included, giving the show a proper emphasis and balance.

Indeed it is fair to say that Lautrec was in essence a graphic artist. His sense of design is unfailingly strong, the composition simple and with a natural emphasis on the silhouette of figure, furniture or whatever the formal device might be. The painting too, however subtle in modelling and delicate in colour and tone, is inescapably linear in its method. The drawing is in the paint, line added to line rather than handled in the broader mass. The assurance, speed and energy of that drawing are always evident, sometimes astonishing.

Such pyrotechnical ability declared itself early, and it is salutary to remember that it was founded in the old academic Beaux Arts tradition. Was Lautrec, then, ever truly of the avant-garde? We accept him as modern enough in his time, clearly aware of the work of peers such as Seurat, Van Gogh or Bonnard, or responding to such current influences as the Japanese print. For example, late works such as the "Messalina" paintings may be unresolved and oddly clumsy, yet they clearly prefigure the bold simplicities of expressionism so soon to come.

To take Lautrec as radical print-maker or proto-expressionist may establish him in his art-historical slot, but has little in fact to do with whether or not he was a good. As an artist he was the creature of an academic training and tradition to which he remained entirely faithful in his own way. He ended as he began, looking at the model before him and projecting his more contrived compositions upon the knowledge and technique he had thereby acquired. His quality rests on his work as it is, so beautifully made for whatever his reasons were at



'Poudre de Riz', 1899, by Henri Toulouse-Lautrec, currently at the Hayward Gallery

the time, rather than for any putative advance or innovation it might represent. We must ever question the conventional assumptions of what makes an artist important and his work significant. One of the earliest paintings is a nude study he made in 1883 when all of 19, a delicate image of unaffected realism, open in

acknowledgement of its debt to Degas and Manet, and as beautiful as anything in the show. And there is the milliner of 1900, as touchingly direct a study of another young woman, another model. What a relief it is, without any need for special pleas of modernist importance or avant-garde respectability, to take them

simply for the beautiful things they are.

To avoid the queue, tickets may be reserved for any of the hourly admission bookings through the day, though there is no limit to the time spent in the exhibition. Apply to the Royal Festival Box Office, SE1 8XX, or phone 071 928 8300.

Theatre

Hare chases the law

DAVID HARE's new play at the National Theatre is so thoroughly English that it reminds one of those old Ealing comedies like *The Lavender Hill Mob*. The jokes have become thinner, the whinges have become stronger, but the Englishness is unmistakable. Hare himself almost invites the comparison. Here on the back-ground of the stage are black and white images of the Old Bailey, London buses, and the pedestrians walking by. There are also the bobbies on the beat, and an old London taxi is driven onto the stage.

If one did not know to the contrary from his own proclamations, one would assume from the text that Hare is one of nature's provocateurs, even with a large "C". *Murmuring Judges* takes its name from an 18th century Scottish offence of scandalising the court by criticising the judiciary. Nothing in the play, however, con-

tains even a hint of sedition. What we have is a rather establishment piece that manages to treat a supposedly controversial subject without upsetting anyone. The subject is criminal justice.

But you should see this production. Especially if you are a barrister, or have anything to do with the courts, you will enjoy debating how accurate is the portrait of the English bar. Hare employed research assistants to help him, and my own impression is that he has caught the lawyers pretty well, though a young barrister told me that he is altogether too complacent and not up with current trends.

The play also contains a remarkably sympathetic portrait of the police. The essential message is that the police, like the lawyers, are only doing their duty: they are people like everyone else. "When I hear that whinge about how the public dislikes the police,"

one officer says, "I think 'fair enough', I'm not sure I like the public all that much either." Where police and the legal profession differ, the play suggests, is that there is an alternative bar: there is no alternative police force.

The other message, coming from the police, is that there is little point in sending people to prison because not only are the prisons overcrowded: they do not deter. If much more than the present three per cent of recorded crime led to convictions, conditions would become impossible.

One would be more enthusiastic in recommending *Murmuring Judges* if there were not such a liberal sprinkling of clichés and longwindedness. Not the only scene to come to mind in this respect is the apparently crucial encounter between the innocent-ish Northern Irish prisoner and the lady counsel from Antigua. Apart from the deficiencies of the writing, Robert Patterson and Alphonse Emmanuel respectively rise to the occasion.

The Englishness keeps coming back in repeated references to "Desert Island Discs". A leading silk played by Richard Pasco has appeared on it and intrigued everyone by choosing "Je Ne Regrette Rien". But at least the silk is congratulating for avoiding "I Did It My Way". The Home Secretary, incidentally, who is presumably a Tory, is a realist.

At the end of the first act, there is one stunning scene. The Royal Opera House is brilliantly replicated for about two minutes on the Olivier Stage. Yet that raises the thought: if you are writing a play about England, how can you ignore the paradox that so often the staging may be dazzling, the acting and direction close to perfection, and the text so plausibly untrue? The direction is by Richard Eyre and the design by Bob Crowley and the production is sponsored by Hess Amerasia Hess Limited.

Chess No 892: 1 Ne4 Kx4 2 Qf3, or Kc4/e6 3 Qf7, or Kc5 2 Qd6. White's pawn is a decoy. 1 c9c7 stalemate or 1 c8f7 Kc6 or 1 b8f7 Kc6 or 1 c8f7 Kc6.

Malcolm Rutherford

Poetry in performance

More Glitter than Rilke

IN SPITE of the fact that the busts of Tennyson and Milton still stand, in the Poetry Society reading room, there is something unusual, some indefinable sense of anticipation, in the air. The poet is late - 30 minutes already - and that is almost unprecedented. At rock concerts, yes, but at poetry readings...

Now something is beginning to happen. A chair is carried onto the dais with half a dinner-suit - the jacket half - hung across its back, and lolling from its top pocket - a purple silk handkerchief. Jeremy Reed is amongst us.

The appearance, when it comes, is arresting, odd, too - a sort of sideways shuffle in green-stockinged feet, face averted, as if we were a light that the poet might be blinded by. As a woman introduces him in quasi-revolutionary fashion - "... glorious sense of wonder: that pours out in his cornucopian words. I really believe that poetry is going to save us" - Jeremy leans on the mantelpiece, sipping at his drink.

The reading comes fast and furious - 26 fairly long poems in the space of an hour. Unfortunately, the poetry of the person distracts one's attention from the poetry itself. He stands sideways on to the audience, face turned so far back that it might have been slapped. His leg slithers forward as he reads in a cautious, catlike movement, toes curled under. The trousers of the dinner-suit are far too long. From time to time, he seizes hold of a fistful of material at his hip

and yanks at it savagely.

The voice itself is disappointingly characterless, toneless, monotonous - some strange medley of London and New York, perhaps, of Bowie, Warhol and other assorted anti-heroes. He comes down heavily, vehemently, on certain words - but the fierce stress always seems to fall in the same place, making one poem sound much like another. Dream landscape follows dream landscape: apocalyptic images, ablaze with colour, abound. "All these poems are about the exploration of a marvellous inner space," he snaps at us. He keeps his mouth very close to the microphone, pointing at it as he reads; his lips hang open at the end of each line some unfulfilled erotic promise, perhaps. At moments of high poetic tension, his right hand grasps hold of the back of his neck.

We come away with at least one useful item of information: the next collection will be entitled *Redneck Anthology*.

Adrian Mitchell shuffled onto the stage of the Cottesloe Theatre in jazzy kipper tie, black brothel creepers and crumpled suit, to the accompaniment of a few snatched chords from "Ain't Misbehavin'", played by his young friend and accompanist, Pete Moser. The people's poet with the serious message - on the Ken Tyrone once described as "the British Mayakovsky" in those long-gone ban-the-bomb days, when dirty words still ended in asterisks - was back. Mitchell has no time for high seriousness, the cult of Eng. Lit. (it was just an aberration that he went to Oxford). He slams home the serious mes-

sages, in poems as artless and memorable as any child's. And his reading from his *Great-est Hits*, spanning more than three decades, proved that they - and he - had worn well.

It was not so much a poetry reading as an adjunct to street theatre. Mitchell jumps and jives about the stage, shuffles, skids and throws himself about. He can fire a blank at the ground with his big stubby index finger, and turn in his toes like Elvis. He can swing his leg right out and even throw a funny fascist salute with the best of the music hall's old-timers. And when he dances in memory of his old mate, Chubby Checker, his head of grey hair - a lock of which falls cutely over only the brow even when he's not dancing - looks like a mop about to fly off the handle.

The voice is warm, matter-of-fact, even a touch sentimental, and the flat slap of his vowels sounds almost Liverpudlian - a curiosity, given that he was born in London. The words come out starchy, wholesome as home-baked bread. His funny voices - Anglican clergyman, regimental sergeant-major, the man from the Pru - are spot on. Almost every poem ends with a "Yeah!"

He sits, head bowed, stiff-backed, hands tucked prayerfully between his knees, when Pete is doing one of his long, earnest, pointedly political solo spots.

The messages: if Rilke's unobtainable, try Gary Glitter.

Michael Glover

Radio

A look behind kabuki

ing noises. A *Corpse with Feet* by Minoru Betsuyaku has more plot. A woman waiting for level-crossing gates to open carries a sack containing her lover's body, dead after hitting his head on a table (she says). Also at the crossing is a stranger taking a present to a wedding, where he knows the groom has a mistress. Yet the present may never be given, for who was it for but the man in the sack? The approaching train may resolve the business. The feet only add some dialogue - another example on the Japanese theatre's dependence on visual effect. This was done in fluent English by two Japanese players, Nana Takahashi and Kiji Kunitada, and directed by Alison Hindle.

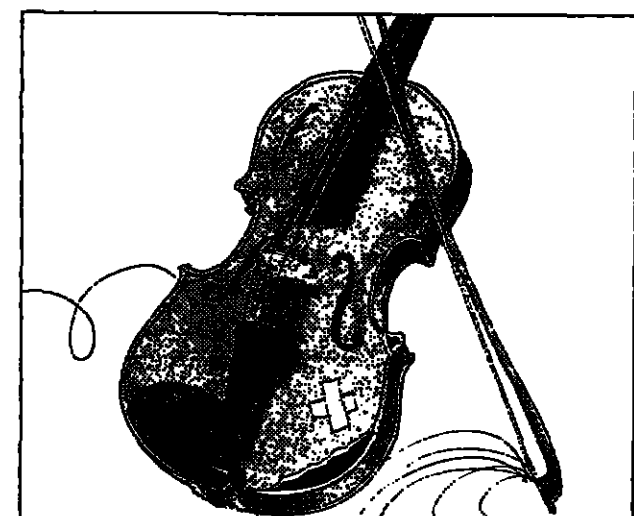
Dickens is as English as the *shakuhachi* flute is Japanese, and while *David Copperfield* continues on Radio 4, we now have *Great Expectations* in 12 half-hour episodes, dramatised

by Ray Jenkins, on Radio 5 (Sunday, repeated Monday). We have so far reached the encounter of young Pip (Gary King) with Magwitch (Robert Lang), all truly Dickensian.

Trevor Hoyle's *Gigo* (Radio 4, Thursday) won a 1990 *Radio Times* award. The title means "garbage" in, of course, a computer proverb. Graham (Alun Armstrong), whom we first meet in hospital visiting his sick mother, believes that with his computer he can find connections between disconnected events, like swine-fever outbreaks and lunar eclipses. He goes further: past and future are the same thing, and he thinks he is having an affair with the title. His friend Jack (John Wood) has hinted at it. Worst of all, if the coffee-mug marks on his desk are ever exactly duplicated, it will mean disaster. And then they are; and so it does; and we end with Graham in hospital, repeating his mother's opening dialogue.

Well, anyone who believes in causal connections and tries to work them out on his computer should not be surprised at anything that it is an amusing tale, but the characters are all so ordinary, barely susceptible to acting at all, despite Philip Martin's direction.

B.A. Young



Don't treat its owner the same way.

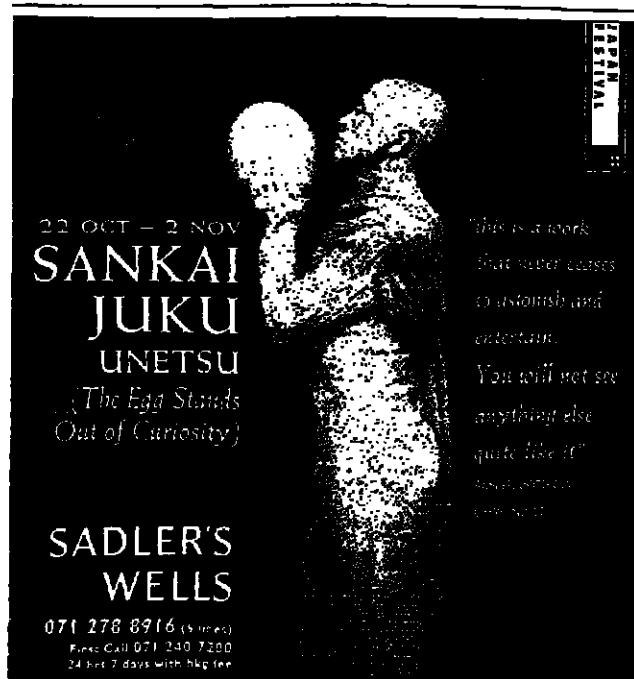
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CHANNEL:
1.05 Diary Dates. 5.05 Channel News. 5.10 Regional Weather. 5.15 Cartoon.

GRAMSPAN:
1.05 Gramplan Headlines. 4.48 Scotland Results. 5.05 Gramplan Headlines. 5.10 Crimeplan. 5.15 Put It In Writing. 5.30 Baywatch - The Movie: Nightmare Bay.

GRANADE:
1.05 Granada News. 5.05 Granada News. 5.10 Granada News Sports Special. 5.30 Baywatch - The Movie: Nightmare Bay.

MTV:
1.05 MTV News 5.05 MTV West News and Sport

MTV Wales as MTV except:
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5.05 Scottish Today 9.10 Scottish Weather.

TSW:
11.30 Supermen, 12.00 The South West Week
1.05 TSW News 5.05 TSW News and Sport 8.10
Gus Honeybun's Cartoon Time, 9.10 TSW
Weather.

TVS:
1.05 TVS News, 5.05 TVS News, 5.10 Cartoon.

TVSHE TRIBE:
1.05 Regional News, 5.05 Northern Life
Special, 6.15 Cartoon Time.

ULSTER:
1.05 Ulster Newstime 5.05 Ulster Newstime and
Sport.

YORKSHIRE:
1.05 Calendar News. 5.05 Calendar News. 5.15
Calendar Time.

S4C WALES AS CHANNEL 4 EXCEPT:

9.30 Jeffin. 10.00 Time Tunnel. 11.00 I Love
Lucy. 11.30 Short Stories. 12.00 Sixtieths-
omething. 6.30 The Wonder Years. 7.00 Newydd
Nos Sadwrn.
7.25 Beca'n Hi O Ma. 8.10 TV Teifi. 8.40 A
Chalfy Tale: Ballet Adagio. 9.00 Super Mouse.
9.30 Hygli - Cerpan Y Byd.

REGIONS

**TTY REGIONS AS LONDON EXCEPT
AT THE FOLLOWING TIMES:-**

ANGLIA:
12.35 Anglia News, 7.10 Anglia News.

BORDER:
12.35 Border News, 7.10 Border News, 11.35
Prisoner: Cell Block H.

CENTRAL:
12.35 Central News, 7.10 Central News, 10.00
Local Weather.

CHANNEL:
12.35 Reflections, 7.10 Channel News.

GRAMSPAN:
12.35 Gramspan Headlines, 2.40 Coronation
Street, 3.40 Apple Dogs, 4.00 Katts and Dogs,
4.50 Scoopstar, 7.10 Gramspan
Headlines 10.00 Gramspan Weather, 11.35 Prisoner-
Cell Block H.

GRANADA: 12.35 Granada News Headlines 2.40 Sands of the Desert. (1980) 4.20 Coronation Street. 7.10 Granada News 11.35 Prisoner: Cell Block H.

HTV:
12.35 HTV News 7.10 HTV News

SCOTTISH:
12.35 Scotland Today. 2.40 Glen Michael's Cartoon Cavalcade. 3.10 Caprice starring Doris Day and Richard Harris (1957). 5.00 Scotland 7.10 Scotland Today.

TSW:
12.35 TSW News 2.40 TSW Farming Week 3.05 Fisheries News. 3.20 The Allied Leisure Course Classic. 3.50 Escape Route starring George Baker and Grey (1982). 7.10 TSW News 11.00 TSW Weather. 11.35 Prisoner: Cell Block H.

TVS:
12.35 TVS News 7.10 TVS News.

TYNE TEES:

12.25 Regional News. 2.40 The Back Page. 3.10
The War Lover starring Steve McQueen (1962)
National News. 11.35 Prisoner: Cell
Block H.

WUJLST
12.25 Uplink Newsline 2.40 Pop Profile. 2.50
Mallstock. 3.50 Buileys. 4.00 Coronation Street.
11.05 Uplink Newsline 10.00 Uplink Newsline
11.35 Prisoner: Cell Block H.

WUORFNEWS
12.25 Calendar News. 7.10 Calendar News.
11.40 Local Weather.

5.64C WALKS AS CHANNEL 4 EXCEPT-
12.25 With the Wisp. 3.30 Owl TV. 10.00 Now
You're Talking. 10.25 Now You're Talking. 10.50
The Misan. 11.50 Synchro. 11.50 Little
House on the Prairie. 12.30 Rytig - Cerman Y.
10.50 The Golden Girls. 9.30 Pabai Y. Cern
10.00 Newsworld. 7.05 South Ar Y. Sol. 7.20
The 11th Street. 6.55 Dechrau
Carnu. Dechrau Cernm. 9.05 Heb E. Fa. 10.20
Tifnino. 10.40 American Football B1-82.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648.1562 (650K) at the following times:
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Forecast. 8.30
Twenty-four Hours: News
summary. 8.30 From Our
Own Correspondent. 9.00
Write On. 9.00 News: Words
of Faith. 9.15 Music With
Matthew.
10.00 News: Business
Review. 10.15 Short Story:
My Uncle Tom Beat. 10.30
B-side Beat. 10.45 Sports
Roundup. 11.00 News: Science
in Action. 11.30 In
Praise of God. 12.00

News Masters. 12.30
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 and Sport. 2.30
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 OSH. 3.00
 Sport Extra. 3.30
 Museum. 4.00
 Making Poetry. 4.30
 ections. 5.00
 Spain. 5.30
 Ireland. 6.00
 the Line. 6.30
 and Sport. 7.00

diamonds to the knave, trumps could not be drawn before the spade ace was dislodged, and the losing heart discarded on

mond knave. After this reasoning declarer continued with diamond queen, and East showed out. He then cashed three clubs, throwing his heart loser, and followed with the

Should West withhold his spade ace, the declarer ruffs a heart high in hand, and finesses dummy's nine as before, and concedes the last spade. Logically reasoned, and

SS

rook ending where 32 e6! is decisive.
(A Karpov, White; A Khalif-

ANATOLY KARPOV and **Vassily Ivanchuk**, Nos 2 and 3 in the international rankings, rook ending where 32 e6! is decisive. (A Karpov, White; A Khalif-

13 Nxc4 Bd7 14 Qd3 cxd4 15
Nxd4 Nc5 16 Qc2 a6 17 Rad1
Qc7 18 Bd2 Ncd7 19 Bf4 Qc5 20
Bc1 Qc7 21 e5 Nd5 22 Ne3 Qxc2
23 Ndxc2 Rac8 24 Bxd5 exd5
25 Nxd5 Bxd5 26 Rxd5 Rxc2 27
Rxd7 Bh4 28 Rad1 Rxa2 29 Re3

White mates in two moves, against any defence (by F Abdurahmanovic). White has a huge material lead with a pawn about to promote, but Black's lone king is surprisingly resourceful.

WORD
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19, 20 Fuel shortage circum-
scribes our model refuge in
New York way (8,6)

1 International players see if	scribes our model refuge in
concoit is justifiable? (4,4)	New York way (8,8)
5 A theologian was first to be	21 Dangerous time: give credit to
bad (6)	goddess (6)
9 Judas is first of heroes out of	

N L U M U
 DAMAGE ELEANOR
 T P R N U S
 PREPARE RATING
 R V E N D
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W E C H E S S O E
TORRENTO TENNER

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